



December 2, 2003

ENGROSSED SENATE BILL No. 1

DIGEST OF SB 1 (Updated December 2, 2003 10:26 am - DI 51)

Citations Affected: IC 4-22; IC 5-13; IC 6-1.1; IC 6-3; IC 8-22; IC 12-13; IC 12-19; IC 12-29; IC 16-35; IC 20-5.5; IC 21-1; IC 21-2; IC 21-3; IC 36-2; IC 36-6; IC 36-7; noncode.

Synopsis: Property taxes. Authorizes investment of state funds, including the common school fund, in certain obligations of the Indiana bond bank. Authorizes the department of local government finance (DLGF) to take over the 2003 general reassessment process (including the equalization study) in a county if the county's equalization study was not submitted to the department before October 20, 2003 or if DLGF determines that the county's reassessment is likely to be inaccurate. Requires the property tax liability payable in 2006 and thereafter on residential rental properties that have more than 4 rental units to be computed using the lowest assessed valuation determined by applying each of the following appraisal techniques: (1) cost approach; (2) sales comparison approach; and (3) income capitalization approach. Provides that the gross rent multiplier method is the preferred method for valuing rental properties that have fewer than 5 rental units and mobile homes. Provides that after December 31, 2004, the sales disclosure forms and data forwarded by local assessors to DLGF and the legislative services agency must be provided in electronic format. Provides that money in the assessment training fund may be used to cover expenses incurred by DLGF for training and examination programs. With respect to property taxes payable on homesteads, and upon petition of the county fiscal body, the county auditor, and the county treasurer, authorizes DLGF to: (1) establish a schedule of installment payments for taxes payable in 2004 or thereafter; or (2) waive late payment penalties for taxes payable in 2004. For property taxes and special benefits taxes payable after 2003 and based on the most recent general reassessment, adjusts maximum
(Continued next page)

Effective: May 10, 2002 (retroactive); July 1, 2003 (retroactive); upon passage; January 1, 2004; March 1, 2004; July 1, 2004.

Borst, Hume

(HOUSE SPONSORS — CRAWFORD, ESPICH)

November 18, 2003, read first time and referred to Committee on Finance.
November 21, 2003, amended, reported favorably — Do Pass.
November 24, 2003, read second time, amended, ordered engrossed.
November 25, 2003, engrossed. Read third time, title amended; passed. Yeas 43, nays 6.

HOUSE ACTION

November 25, 2003, read first time and referred to Committee on Ways and Means.
December 2, 2003, reported — Do Pass.

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rates that were not adjusted for taxes payable in 2003. Provides for an adjustment of the maximum rate each time an annual assessed value adjustment or a general reassessment takes effect. Eliminates the banking of unused levy allowances in calculating the maximum permissible property tax levy for a civil taxing unit and for certain funds. Eliminates authority to adjust assessed values to reflect the effects of appeals of assessments. Provides that the initial step in the appeal of a property assessment is a written request by the taxpayer for a preliminary conference with a county or township assessing official. Provides that the written request need not be on a DLGF form. Notwithstanding a property assessment agreed to by the township assessor and the taxpayer in resolution of an appeal to the county property tax assessment board of appeals, permits the board to determine its own assessment under its authority to assess property for the current year. Eliminates the requirement for a taxpayer to file a claim for refund after a successful assessment appeal. Eliminates the property tax appeal provision that permits local units to reallocate CAGIT property tax replacement credits for a purpose other than property tax relief. Provides for deposit in a taxing unit's levy excess fund of property tax collections in excess of 100% (instead of 102%) of the unit's levy. Requires the state board of accounts to design a standard form of the petition that is used to initiate the petition and remonstrance procedure. Provides that the petition requires the signatures of the lesser of 100 or 5% of the property owners in the political subdivision (instead of 250 or 10%). Prohibits a political subdivision (including a school corporation) from taking certain actions to promote a position on a petition for or remonstrance against a bond issue or lease. Prohibits a person from soliciting or collecting signatures for a petition or remonstrance on property owned by a political subdivision. With respect to the review of budgets and levies of taxing units that have a governing body comprised primarily of appointed members and propose to increase their property tax levies by more than 5%, adds library districts to the entities subject to review and authorizes reduction of the proposed levy to an amount that is less than the maximum permissible levy. Allows counties to issue provisional tax statements if the abstract is not delivered in a timely manner. Authorizes DLGF to waive the provisional tax statement requirement under certain circumstances. Provides that county assessors, township assessors, and trustee assessors who do not meet certain certification requirements forfeit their offices. Requires DLGF to give the examinations for certification in an open book format. Increases the cap on the income tax deduction for property taxes paid on a principal place of residence for homeowners who pay property taxes imposed for the March 1, 2002 or January 15, 2003 assessment dates in 2004. Legalizes and validates any action taken by DLGF before January 1, 2004, to extend the deadline for filing an assessment appeal to the county, to allow the payment of property taxes in installments, or to waive a late payment penalty. Permits an individual who was eligible for but did not apply for a homestead credit or certain property tax deductions for taxes payable in 2004 to apply before December 15, 2003. Requires DLGF to study the feasibility of creating uniform and common computer software programs for property tax assessment purposes, including computer software programs that allow the sharing and transfer of assessment data in a uniform format by the state and all counties. Allows, for the assessment years 2002, 2003, and 2004, an appeal of a real property assessment that is filed within 45 days after a taxpayer receives the notice of change in assessment or the related tax bill, whichever occurs first, to apply to the taxes imposed for that assessment date and payable in the next year even if the appeal is filed after May 10 of the assessment year. Requires, for property taxes payable on homesteads in 2004, DLGF to provide each county treasurer with the wording of a statement of the amount by which the property taxes in the county were reduced by actions of the general assembly to mitigate the effects of the general reassessment. Requires the county treasurer to include the statement with each tax statement mailed or otherwise transmitted. Requires the commission on state tax and financing policy to study elimination of property taxes and alternative sources of revenue.

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December 2, 2003

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 1

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.141-2003,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking
4 action resulting in any of the following rules:
- 5 (1) An order adopted by the commissioner of the Indiana
6 department of transportation under IC 9-20-1-3(d) or
7 IC 9-21-4-7(a) and designated by the commissioner as an
8 emergency rule.
 - 9 (2) An action taken by the director of the department of natural
10 resources under IC 14-22-2-6(d) or IC 14-22-6-13.
 - 11 (3) An emergency temporary standard adopted by the
12 occupational safety standards commission under
13 IC 22-8-1.1-16.1.
 - 14 (4) An emergency rule adopted by the solid waste management
15 board under IC 13-22-2-3 and classifying a waste as hazardous.

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(5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.

(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.

(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.

(8) An emergency rule jointly adopted by the water pollution control board and the budget agency under IC 13-18-13-18.

(9) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(10) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.

(11) An emergency rule adopted by the Indiana transportation finance authority under IC 8-21-12.

(12) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(13) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(14) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(15) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(16) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(17) An emergency rule adopted by the Indiana gaming commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(18) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(19) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(20) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

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(21) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(22) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(23) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(24) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(25) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34.

(26) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33.

(27) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20.

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the secretary of state for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The secretary of state shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the secretary of state shall:

(1) accept the rule for filing; and

(2) file stamp and indicate the date and time that the rule is accepted on every duplicate original copy submitted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

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(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(14), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. A rule adopted under subsection (a)(14) may be extended for two (2) extension periods. Except for a rule adopted under subsection (a)(14), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

SECTION 2. IC 5-13-10.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. The treasurer of state may invest or reinvest funds that are held by the treasurer and that are available for investment in obligations issued by any of the following:

(1) Agencies or instrumentalities of the United States government.

(2) Federal government sponsored enterprises.

(3) The Indiana bond bank, if the obligations are secured by tax anticipation time warrants or notes that:

(A) are issued by a political subdivision (as defined in IC 36-1-2-13); and

(B) have a maturity date not later than the end of the calendar year following the year of issuance.

SECTION 3. IC 6-1.1-1-8.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.7. "Mobile home" has the meaning set

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1 forth in IC 6-1.1-7-1.

2 SECTION 4. IC 6-1.1-4-35 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 35. (a) This section applies to a county
5 other than a county subject to section 32 of this chapter.

6 (b) This section applies to a general reassessment of real
7 property conducted under section 4(a) of this chapter that is
8 scheduled to become effective for property taxes first due and
9 payable in 2003.

10 (c) As used in this section, "department" refers to the
11 department of local government finance.

12 (d) As used in this section, "reassessment official" means any of
13 the following:

14 (1) A county assessor.

15 (2) A township assessor.

16 (3) A township trustee-assessor.

17 (e) If:

18 (1) the department determines that a county's reassessment
19 officials are unable to complete the reassessment in a timely
20 manner; or

21 (2) the department determines that a county's reassessment
22 officials are likely to complete the reassessment in an
23 inaccurate manner;

24 the department may order a state conducted reassessment in the
25 county. The department may consider a reassessment in a county
26 untimely if the county does not submit the county's equalization
27 study to the department in the manner prescribed under 50 IAC 14
28 before October 20, 2003. The department may consider the
29 reassessment work of a county's reassessment officials inaccurate
30 if the department determines from a sample of the assessments
31 completed in the county that there is a variance exceeding ten
32 percent (10%) between the total assessed valuation of the real
33 property within the sample and the total assessed valuation that
34 would result if the real property within the sample were valued in
35 the manner provided by law.

36 (f) If the department orders a state conducted reassessment in
37 a county, the department shall assume the duties of the county's
38 reassessment officials. Notwithstanding sections 15 and 17 of this
39 chapter, a reassessment official in a county subject to an order
40 issued under this section may not assess property or have property
41 assessed for the general reassessment. Until the state conducted
42 reassessment is completed under this section, the reassessment

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1 duties of a reassessment official in the county are limited to
 2 providing the department or a contractor of the department the
 3 support and information requested by the department or the
 4 contractor.

5 (g) Before assuming the duties of a county's reassessment
 6 officials, the department shall transmit a copy of the department's
 7 order requiring a state conducted reassessment to the county's
 8 reassessment officials, the county fiscal body, the county auditor,
 9 and the county treasurer. Notice of the department's actions must
 10 be published one (1) time in a newspaper of general circulation in
 11 the county. The department is not required to conduct a public
 12 hearing before taking action under this section.

13 (h) Township and county officials in a county subject to an
 14 order issued under this section shall, at the request of the
 15 department or the department's contractor, make available and
 16 provide access to all:

- 17 (1) data;
- 18 (2) records;
- 19 (3) maps;
- 20 (4) parcel record cards;
- 21 (5) forms;
- 22 (6) computer software systems;
- 23 (7) computer hardware systems; and
- 24 (8) other information;

25 related to the reassessment of real property in the county. The
 26 information described in this subsection must be provided at no
 27 cost to the department or the contractor of the department. A
 28 failure to provide information requested under this subsection
 29 constitutes a failure to perform a duty related to a general
 30 reassessment and is subject to IC 6-1.1-37-2.

31 (i) The department may enter into a contract with a professional
 32 appraising firm to conduct a reassessment under this section. If a
 33 county or a township located in the county entered into a contract
 34 with a professional appraising firm to conduct the county's
 35 reassessment before the department orders a state conducted
 36 reassessment in the county under this section, the contract:

- 37 (1) is as valid as if it had been entered into by the department;
- 38 and
- 39 (2) shall be treated as the contract of the department.

40 (j) After receiving the report of assessed values from the
 41 appraisal firm acting under a contract described in subsection (i),
 42 the department of local government finance shall give notice to the

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taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 37 of this chapter; and
- (2) must include a statement of the taxpayer's rights under section 37 of this chapter.

(k) The department shall forward a bill for services provided under a contract described in subsection (i) to the auditor of the county in which the state conducted reassessment occurs. The county shall pay the bill under the procedures prescribed by subsection (l).

(l) A county subject to an order issued under this section shall pay the cost of a contract described in subsection (i), without appropriation, from the county's property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under the contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits to the department a fully itemized, certified bill in the form required by IC 5-11-10-1 for the costs of the work performed under the contract;
- (2) obtains from the department:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services have been received and comply with the contract; and
- (3) files with the county auditor:
 - (A) a duplicate copy of the bill submitted to the department;
 - (B) proof of the department's approval of the form and amount of the bill; and
 - (C) the department's certification that the billed goods and services have been received and comply with the contract.

The department's approval and certification of a bill under subdivision (2) shall be treated as conclusively resolving the merits of a contractor's claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive. The county executive shall allow the claim, in full, as approved by the department, without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than

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seven (7) days after the completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department. Compliance with this subsection constitutes compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department entered into under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter. The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

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(1) a county auditor fails to:

(A) certify the contractor's bill;

(B) publish the contractor's claim;

(C) submit the contractor's claim to the county executive;
or

(D) issue a warrant or check for payment of the
contractor's bill;

as required by subsection (l) at the county auditor's first legal
opportunity to do so;

(2) a county executive fails to allow the contractor's claim as
legally required by subsection (l) at the county executive's
first legal opportunity to do so; or

(3) a person or an entity authorized to act on behalf of the
county takes or fails to take an action, including failure to
request an appropriation, and that action or failure to act
delays or halts progress under this section for payment of the
contractor's bill.

(q) The department, upon receiving notice under subsection (p)
from a contractor of the department, shall:

(1) verify the accuracy of the contractor's assertion in the
notice that:

(A) a failure occurred as described in subsection (p)(1) or
(p)(2); or

(B) a person or entity acted or failed to act as described in
subsection (p)(3); and

(2) provide to the treasurer of state the department's approval
under subsection (l)(2)(A) of the contractor's bill with respect
to which the contractor gave notice under subsection (p).

(r) Upon receipt of the department's approval of a contractor's
bill under subsection (q), the treasurer of state shall pay the
contractor the amount of the bill approved by the department from
money in the possession of the state that would otherwise be
available for distribution to the county, including distributions
from the property tax replacement fund or distribution of
admissions taxes or wagering taxes.

(s) The treasurer of state shall withhold from the money that
would be distributed under IC 4-33-12-6, IC 4-33-13-5,
IC 6-1.1-21-4(b) or any other law to a county described in a notice
provided under subsection (p) the amount of a payment made by
the treasurer of state to the contractor of the department under
subsection (r). Money shall be withheld first from the money
payable to the county under IC 6-1.1-21-4(b) and then from all

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1 other sources payable to the county.

2 (t) Compliance with subsections (p) through (s) constitutes
3 compliance with IC 5-11-10.

4 (u) IC 5-11-10-1.6(d) applies to the treasurer of state with
5 respect to the payment made in compliance with subsections (p)
6 through (s). This subsection and subsections (p) through (s) must
7 be interpreted liberally so that the state shall, to the extent legally
8 valid, ensure that the contractual obligations of a county subject to
9 this section are paid. Nothing in this section shall be construed to
10 create a debt of the state.

11 (v) The provisions of this section are severable as provided in
12 IC 1-1-1-8(b).

13 (w) This section expires January 1, 2007.

14 SECTION 5. IC 6-1.1-4-36 IS ADDED TO THE INDIANA CODE
15 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]: Sec. 36. (a) Subject to the other requirements of
17 this section, the department of local government finance may:

18 (1) negotiate an addendum to a contract referred to in section
19 35(i) of this chapter that is treated as a contract of the
20 department; or

21 (2) include provisions in a contract entered into by the
22 department under section 35(i) of this chapter;
23 to require the contractor of the department to represent the
24 department in appeals initiated under section 37 of this chapter
25 and to afford to each taxpayer in the county an opportunity to
26 attend an informal hearing.

27 (b) The purpose of the informal hearing referred to in
28 subsection (a) is to:

29 (1) discuss the specifics of the taxpayer's reassessment;

30 (2) review the taxpayer's property record card;

31 (3) explain to the taxpayer how the reassessment was
32 determined;

33 (4) provide to the taxpayer information about the statutes,
34 rules, and guidelines that govern the determination of the
35 reassessment;

36 (5) note and consider objections of the taxpayer;

37 (6) consider all errors alleged by the taxpayer; and

38 (7) otherwise educate the taxpayer about:

39 (A) the taxpayer's reassessment;

40 (B) the reassessment process; and

41 (C) the reassessment appeal process under section 37 of
42 this chapter.

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1 (c) Following an informal hearing referred to in subsection (b),
2 the contractor shall:

3 (1) make a recommendation to the department of local
4 government finance as to whether a change in the
5 reassessment is warranted; and

6 (2) if recommending a change under subdivision (1), provide
7 to the department a statement of:

8 (A) how the changed reassessment was determined; and

9 (B) the amount of the changed reassessment.

10 (d) To preserve the right to appeal under section 37 of this
11 chapter, a taxpayer must initiate the informal hearing process by
12 notifying the department of local government finance or its
13 designee of the taxpayer's intent to participate in an informal
14 hearing referred to in subsection (b) not later than forty-five (45)
15 days after the department of local government finance gives notice
16 under section 35(j) of this chapter to taxpayers of the amount of
17 the reassessment.

18 (e) The informal hearings referred to in subsection (b) must be
19 conducted:

20 (1) in the county where the property is located; and

21 (2) in a manner determined by the department of local
22 government finance.

23 (f) The department of local government finance shall:

24 (1) consider the recommendation of the contractor under
25 subsection (c); and

26 (2) if the department accepts a recommendation that a change
27 in the reassessment is warranted, accept or modify the
28 recommended amount of the changed reassessment.

29 (g) The department of local government finance shall send a
30 notice of the result of each informal hearing to:

31 (1) the taxpayer;

32 (2) the county auditor;

33 (3) the county assessor; and

34 (4) the township assessor of the township in which the
35 property is located.

36 (h) A notice under subsection (g) must:

37 (1) state whether the reassessment was changed as a result of
38 the informal hearing; and

39 (2) if the reassessment was changed as a result of the informal
40 hearing:

41 (A) indicate the amount of the changed reassessment; and

42 (B) provide information on the taxpayer's right to appeal

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1 under section 37 of this chapter.

2 (i) If the department of local government finance does not send
3 a notice under subsection (g) not later than two hundred seventy
4 (270) days after the date the department gives notice of the amount
5 of the reassessment under section 32(f) of this chapter:

6 (1) the department may not change the amount of the
7 reassessment under the informal hearing process described in
8 this section; and

9 (2) the taxpayer may appeal the reassessment under section 37
10 of this chapter.

11 (j) The department of local government finance may adopt
12 emergency rules to establish procedures for informal hearings
13 under this section.

14 (k) Payment for an addendum to a contract under subsection
15 (a)(1) is made in the same manner as payment for the contract
16 under section 35(k) of this chapter.

17 (l) This section expires January 1, 2007.

18 SECTION 6. IC 6-1.1-4-37 IS ADDED TO THE INDIANA CODE
19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
20 UPON PASSAGE]: Sec. 37. (a) As used in this section, "special
21 master" refers to a person designated by the Indiana board under
22 subsection (e).

23 (b) The notice of reassessment under section 35(j) of this chapter
24 is subject to appeal by the taxpayer to the Indiana board. The
25 procedures and time limitations that apply to an appeal to the
26 Indiana board of a determination of the department of local
27 government finance do not apply to an appeal under this
28 subsection. The Indiana board may establish applicable procedures
29 and time limitations under subsection (l).

30 (c) In order to appeal under subsection (b), the taxpayer must:

31 (1) participate in the informal hearing process under section
32 36 of this chapter;

33 (2) except as provided in section 36(i) of this chapter, receive
34 a notice under section 36(g) of this chapter; and

35 (3) file a petition for review with the appropriate county
36 assessor not later than thirty (30) days after:

37 (A) the date of the notice to the taxpayer under section
38 36(g) of this chapter; or

39 (B) the date after which the department may not change
40 the amount of the reassessment under the informal hearing
41 process described in section 36 of this chapter.

42 (d) The Indiana board may develop a form for petitions under

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1 subsection (c) that outlines:

- 2 (1) the appeal process;
 3 (2) the burden of proof; and
 4 (3) evidence necessary to warrant a change to a reassessment.

5 (e) The Indiana board may contract with, appoint, or otherwise
 6 designate the following to serve as special masters to conduct
 7 evidentiary hearings and prepare reports required under
 8 subsection (g):

- 9 (1) Independent, licensed appraisers.
 10 (2) Attorneys.
 11 (3) Certified level two Indiana assessor-appraisers (including
 12 administrative law judges employed by the Indiana board).
 13 (4) Other qualified individuals.

14 (f) Each contract entered into under subsection (e) must specify
 15 the appointee's compensation and entitlement to reimbursement
 16 for expenses. The compensation and reimbursement for expenses
 17 are paid from the county property reassessment fund. Payments
 18 under this subsection from the county property reassessment fund
 19 may not exceed five hundred thousand dollars (\$500,000).

20 (g) With respect to each petition for review filed under
 21 subsection (c), the special masters shall:

- 22 (1) set a hearing date;
 23 (2) give notice of the hearing at least thirty (30) days before
 24 the hearing date, by mail, to:
 25 (A) the taxpayer;
 26 (B) the department of local government finance;
 27 (C) the township assessor; and
 28 (D) the county assessor;
 29 (3) conduct a hearing and hear all evidence submitted under
 30 this section; and
 31 (4) make evidentiary findings and file a report with the
 32 Indiana board.

33 (h) At the hearing under subsection (g):

- 34 (1) the taxpayer shall present:
 35 (A) the taxpayer's evidence that the reassessment is
 36 incorrect;
 37 (B) the method by which the taxpayer contends the
 38 reassessment should be correctly determined; and
 39 (C) comparable sales, appraisals, or other pertinent
 40 information concerning valuation as required by the
 41 Indiana board; and
 42 (2) the department of local government finance shall present

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its evidence that the reassessment is correct.

(i) The Indiana board may dismiss a petition for review filed under subsection (c) if the evidence and other information required under subsection (h)(1) is not provided at the hearing under subsection (g).

(j) The township assessor and the county assessor may attend and participate in the hearing under subsection (g).

(k) The Indiana board may:

(1) consider the report of the special masters under subsection (g)(4);

(2) make a final determination based on the findings of the special masters without:

(A) conducting a hearing; or

(B) any further proceedings; and

(3) incorporate the findings of the special masters into the board's findings in resolution of the appeal.

(l) The Indiana board may adopt emergency rules under IC 4-22-2-37.1 to:

(1) establish procedures to expedite:

(A) the conduct of hearings under subsection (g); and

(B) the issuance of determinations of appeals under subsection (k); and

(2) establish deadlines:

(A) for conducting hearings under subsection (g); and

(B) for issuing determinations of appeals under subsection (k).

(m) A determination by the Indiana board of an appeal under subsection (k) is subject to appeal to the tax court under IC 6-1.1-15.

(n) This section expires January 1, 2007.

SECTION 7. IC 6-1.1-4-38 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 38. (a) As used in this section, "qualifying county" means a county in which the department of local government finance, under section 35 of this chapter, conducts the general reassessment scheduled to become effective under section 4(a) of this chapter for property taxes first due and payable in 2003.

(b) As used in this section, "contractor" means a reassessment contractor of the department of local government finance that is conducting a county's general reassessment under section 35 of this chapter.

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(c) As used in this section, "qualifying official" refers to any of the following:

- (1) A county assessor of a qualifying county.
- (2) A township assessor of a qualifying county.
- (3) The county auditor of a qualifying county.
- (4) The treasurer of a qualifying county.
- (5) The county surveyor of a qualifying county.
- (6) A member of the land valuation commission in a qualifying county.
- (7) Any other township or county official in a qualifying county who has possession or control of information necessary or useful for a general reassessment, general reassessment review, or special reassessment of property to which section 35 of this chapter applies, including information in the possession or control of an employee or a contractor of the official.
- (8) Any county official in a qualifying county who has control, review, or other responsibilities related to paying claims of a contractor submitted for payment under section 35 of this chapter.

(d) Upon petition from the department of local government finance or a contractor, the tax court may order a qualifying official to produce information requested in writing from the qualifying official by the department of local government finance or a contractor.

(e) If the tax court orders a qualifying official to provide requested information as described in subsection (d), the tax court shall order production of the information not later than fourteen (14) days after the date of the tax court's order.

(f) The tax court may find that any willful violation of this section by a qualifying official constitutes a direct contempt of the tax court.

(g) This section expires January 1, 2007.

SECTION 8. IC 6-1.1-4-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39. (a) For assessment dates after February 28, 2005, except as provided in subsection (c), the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

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(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

SECTION 9. IC 6-1.1-5.5-3, AS AMENDED BY P.L.245-2003, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor

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shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible;
and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, **adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6**, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible;
and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13.6, sales ratio studies, equalization, **adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6**, and any other authorized purpose.

SECTION 10. IC 6-1.1-5.5-4.7, AS AMENDED BY P.L.90-2002, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4.7. (a) The assessment training fund is established for the purpose of receiving fees deposited under section 4 of this chapter. **Money in fund may be used by the department of local government finance to cover expenses incurred in the development and administration of programs** for the training of assessment officials and employees of the department, ~~of local government finance;~~ **including the examination and certification program required by IC 6-1.1-35.5.** The fund shall be administered

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1 by the treasurer of state.

2 (b) The expenses of administering the fund shall be paid from
3 money in the fund.

4 (c) The treasurer of state shall invest the money in the fund not
5 currently needed to meet the obligations of the fund in the same
6 manner as other public money may be invested. Interest that accrues
7 from these investments shall be deposited into the fund.

8 **(d) Money in the fund at the end of a state fiscal year does not**
9 **revert to the state general fund.**

10 SECTION 11. IC 6-1.1-7-2, AS AMENDED BY P.L.90-2002,
11 SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 UPON PASSAGE]: Sec. 2. The department of local government
13 finance may adopt rules in order to provide a method for assessing
14 mobile homes. These rules must be consistent with this article,
15 **including the factors required under IC 6-1.1-31-7.**

16 SECTION 12. IC 6-1.1-9-1 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. If a township
18 assessor, county assessor, or county property tax assessment board of
19 appeals believes that any taxable tangible property has been omitted
20 from or undervalued on the assessment rolls or the tax duplicate for any
21 year or years, the official or board shall give written notice under
22 IC 6-1.1-3-20 or IC 6-1.1-4-22 of the assessment or increase in
23 assessment. The notice shall contain a general description of the
24 property and a statement describing the taxpayer's right to ~~file a petition~~
25 **for a preliminary conference and to a review with the county**
26 **property tax assessment board of appeals under IC 6-1.1-15-1.**

27 SECTION 13. IC 6-1.1-15-1, AS AMENDED BY P.L.178-2002,
28 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 UPON PASSAGE]: Sec. 1. (a) A taxpayer may obtain a review by the
30 county property tax assessment board of appeals of a county or
31 township official's action with respect to the assessment of the
32 taxpayer's tangible property if the official's action requires the giving
33 of notice to the taxpayer. ~~The taxpayer and county or township official~~
34 ~~whose original determination is under review are parties to the~~
35 ~~proceeding before the county property tax assessment board of appeals.~~
36 At the time that notice is given to the taxpayer, the taxpayer shall also
37 be informed in writing of:

38 (1) the opportunity for review under this section, **including an**
39 **informal preliminary conference with the county or township**
40 **official referred to in this subsection; and**

41 (2) the procedures the taxpayer must follow in order to obtain
42 review under this section.

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(b) In order to appeal a current assessment and have a change in the assessment effective for the most recent assessment date, the taxpayer must ~~file a petition with the assessor of the county in which the action is taken:~~ **request in writing a preliminary conference with the county or township official referred to in subsection (a):**

(1) within forty-five (45) days after notice of a change in the assessment is given to the taxpayer; or

(2) May 10 of that year;

whichever is later. The county ~~assessor or township official referred to in subsection (a)~~ **shall notify the county auditor that the assessment is under appeal. The preliminary conference required under this subsection is a prerequisite to a review by the county property tax assessment board of appeals under subsection (i).**

(c) A change in an assessment made as a result of an appeal filed:

(1) in the same year that notice of a change in the assessment is given to the taxpayer; and

(2) after the time prescribed in subsection (b);

becomes effective for the next assessment date.

(d) A taxpayer may appeal a current real property assessment in a year even if the taxpayer has not received a notice of assessment in the year. If an appeal is filed on or before May 10 of a year in which the taxpayer has not received notice of assessment, a change in the assessment resulting from the appeal is effective for the most recent assessment date. If the appeal is filed after May 10, the change becomes effective for the next assessment date.

(e) The written request for a preliminary conference that is required under subsection (b) must include the following information:

(1) The name of the taxpayer.

(2) The address and parcel or key number of the property.

(3) The address and telephone number of the taxpayer.

(e) The department of local government finance shall prescribe the form of the petition for review of an assessment determination by a township assessor. The department shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the department. The form must require the petitioner to specify the following:

(1) The physical characteristics of the property in issue that bear on the assessment determination.

(2) All other facts relevant to the assessment determination.

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(3) The reasons why the petitioner believes that the assessment determination by the township assessor is erroneous.

(f) The department of local government finance shall prescribe a form for a response by the township assessor to the petition for review of an assessment determination. The department shall issue instructions for completion of the form. The form must require the township assessor to indicate:

(1) agreement or disagreement with each item indicated on the petition under subsection (e); and

(2) the reasons why the assessor believes that the assessment determination is correct.

(g) Immediately upon receipt of a timely filed petition on the form prescribed under subsection (e), the county assessor shall forward a copy of the petition to the township assessor who made the challenged assessment. (f) The township assessor **county or township official referred to in subsection (a)** shall, within thirty (30) days after the receipt of the petition, **a written request for a preliminary conference**, attempt to hold a preliminary conference with the petitioner and taxpayer to resolve as many issues as possible by:

- (1) discussing the specifics of the taxpayer's reassessment;
- (2) reviewing the taxpayer's property record card;
- (3) explaining to the taxpayer how the reassessment was determined;
- (4) providing to the taxpayer information about the statutes, rules, and guidelines that govern the determination of the reassessment;
- (5) noting and considering objections of the taxpayer;
- (6) considering all errors alleged by the taxpayer; and
- (7) otherwise educating the taxpayer about:
 - (A) the taxpayer's reassessment;
 - (B) the reassessment process; and
 - (C) the reassessment appeal process.

Within ten (10) days after the conference, the township assessor **county or township official referred to in subsection (a)** shall forward to the county auditor and county assessor a completed response to the petition on the form prescribed under subsection (f). The county assessor shall immediately forward a copy of the response form to the petitioner and the county property tax assessment board of appeals **the results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the official. The official and the taxpayer shall each retain a copy of the form for their records.**

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(g) The form submitted to the county property tax assessment board of appeals under subsection (f) must specify the following:

(1) The physical characteristics of the property in issue that bear on the assessment determination.

(2) All other facts relevant to the assessment determination.

(3) A list of the reasons the taxpayer believes that the assessment determination by the county or township official referred to in subsection (a) is incorrect.

(4) An indication of the agreement or disagreement by the official with each item listed under subdivision (3).

(5) The reasons the official believes that the assessment determination is correct.

(h) If after the conference there are no items listed in the petition on the form submitted to the county property tax assessment board of appeals under subsection (f) on which there is disagreement:

(1) the township assessor county or township official referred to in subsection (a) shall give notice to the petitioner, taxpayer, the county property tax assessment board of appeals, and the county assessor of the assessment in the amount agreed to by the petitioner taxpayer and the township assessor, official; and

(2) the county property tax assessment board of appeals may reserve the right to change the assessment under IC 6-1.1-9.

IC 6-1.1-13.

(i) If after the conference there are items listed in the petition form submitted under subsection (f) on which there is disagreement, the county property tax assessment board of appeals shall hold a hearing. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the board of appeals. Except as provided in subsections (k) and (l), the hearing must be held within ninety (90) days of the filing of the petition on those items of disagreement except as provided in subsections (h) and (i). official's receipt of the taxpayer's written request for a preliminary conference under subsection (b). The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The township assessor or county assessor for the county county or township official referred to in subsection (a) must present the basis for the assessment decision on these items to the board of appeals at the hearing and the reasons the petitioner's taxpayer's appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item within sixty (60) days of the hearing, except as provided in subsections (h) (k) and (i). If the

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township assessor does not attempt to hold a preliminary conference, the board shall accept the appeal of the petitioner at the hearing. (l).

(j) If the township assessor does not attempt to hold a preliminary conference, the taxpayer may file a request in writing with the county assessor for a hearing before the property tax assessment board of appeals. If the board determines that the county or township official referred to in subsection (a) did not attempt to hold a preliminary conference, the board shall hold a hearing. The taxpayer and the county or township official whose original determination is under review are parties to the proceeding before the board of appeals. The hearing must be held within ninety (90) days of the receipt by the board of appeals of the taxpayer's hearing request under this subsection. The requirements of subsection (i) with respect to:

(1) participation in the hearing by the taxpayer and the township assessor or county assessor; and

(2) the procedures to be followed by the county board; apply to a hearing held under this subsection.

~~(h)~~ (k) This subsection applies to a county having a population of more than three hundred thousand (300,000). In the case of a petition filed after December 31, 2000, the county property tax assessment board of appeals shall:

(1) hold its hearing within one hundred eighty (180) days instead of ninety (90) days; and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item within one hundred twenty (120) days after the hearing.

~~(i)~~ (l) This subsection applies to a county having a population of three hundred thousand (300,000) or less. With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the county property tax assessment board of appeals shall:

(1) hold its hearing within one hundred eighty (180) days instead of ninety (90) days; and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item within one hundred twenty (120) days after the hearing.

~~(g)~~ (m) The county property tax assessment board of appeals:

(1) may not require a taxpayer that files a petition for review under this section to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection ~~(g)~~ (i) or (j); and

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(2) may require the parties to the appeal to file not more than ten (10) days before the date of the hearing required under subsection (g) lists of witnesses and exhibits to be introduced at the hearing: **amend the form submitted under subsection (f) if the board determines that the amendment is warranted.**

SECTION 14. IC 6-1.1-15-2.1, AS AMENDED BY P.L.198-2001, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2.1. (a) The county property tax assessment board of appeals may assess the tangible property in question.

(b) The county property tax assessment board of appeals shall, by mail, give notice of the date fixed for the hearing under section 1 of this chapter to the ~~petitioner~~, **taxpayer** and to the township assessor.

(~~c~~) If a petition for review does not comply with the department of local government finance's instructions for completing the form prescribed under section 1(~~e~~) of this chapter, the county assessor shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition or statement with the county assessor that the petitioner believes the petition is not defective. If a statement is filed or the county assessor believes a corrected petition is not in compliance with section 1(~~e~~) of this chapter, the assessor shall forward the statement or corrected petition to the county property tax assessment board of appeals. Within ten (10) days after receiving the statement or petition, the county property tax assessment board of appeals shall determine if the original or corrected petition is still not in compliance. The county property tax assessment board of appeals shall deny an original or a corrected petition for review if it does not substantially comply with the department of local government finance's instructions for completing the form prescribed under section 1(~~e~~) of this chapter.

(~~d~~) (**c**) The department of local government finance shall prescribe a form for use by the county property tax assessment board of appeals in processing ~~petitions for a review of an assessment determinations:~~ **determination.** The department shall issue instructions for completion of the form. The form must require the county property tax assessment board of appeals to include a record of the hearing, findings on each item, and indicate agreement or disagreement with each item that is

(1) indicated on the ~~petition form~~ submitted **by the taxpayer and the county or township official** under section 1(~~e~~) **1(f)** of this chapter. ~~and~~

(2) included in the township assessor's response under section 1(~~g~~) of this chapter.

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1 The form must also require the county property tax assessment board
 2 of appeals to indicate the issues in dispute for each item and its reasons
 3 in support of its resolution of those issues.

4 ~~(c)~~ (d) After the hearing the county property tax assessment board
 5 of appeals shall, by mail, give notice of its determination to the
 6 ~~petitioner~~, **taxpayer**, the township assessor, and the county assessor
 7 and shall include with the notice copies of the forms completed under
 8 subsection ~~(d)~~: (c).

9 SECTION 15. IC 6-1.1-15-3, AS AMENDED BY P.L.256-2003,
 10 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 UPON PASSAGE]: Sec. 3. (a) A taxpayer may obtain a review by the
 12 Indiana board of a county property tax assessment board of appeals
 13 action with respect to the assessment of that taxpayer's tangible
 14 property if the county property tax assessment board of appeals' action
 15 requires the giving of notice to the taxpayer. A township assessor,
 16 county assessor, member of a county property tax assessment board of
 17 appeals, or county property tax assessment board of appeals that made
 18 the original determination under appeal under this section is a party to
 19 the review under this section to defend the determination. At the time
 20 that notice is given to the taxpayer, the taxpayer shall also be informed
 21 in writing of:

- 22 (1) the taxpayer's opportunity for review under this section; and
- 23 (2) the procedures the taxpayer must follow in order to obtain
- 24 review under this section.

25 (b) A township assessor or county assessor may obtain a review by
 26 the Indiana board of any assessment which the township assessor or the
 27 county assessor has made, upon which the township assessor or the
 28 county assessor has passed, or which has been made over the township
 29 assessor's or the county assessor's protest.

30 (c) In order to obtain a review by the Indiana board under this
 31 section, the party must file a petition for review with the appropriate
 32 county assessor within thirty (30) days after the notice of the county
 33 property tax assessment board of appeals action is given to the
 34 taxpayer.

35 (d) The Indiana board shall prescribe the form of the petition for
 36 review of an assessment determination by the county property tax
 37 assessment board of appeals. The Indiana board shall issue instructions
 38 for completion of the form. The form and the instructions must be
 39 clear, simple, and understandable to the average individual. An appeal
 40 of such a determination must be made on the form prescribed by the
 41 Indiana board. The form must require the petitioner to specify the
 42 following:

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1 (1) **If the county or township official held a preliminary**
 2 **conference under section 1(f) of this chapter,** the items listed
 3 in section ~~1(c)(1)~~ **1(g)(1)** and ~~1(c)(2)~~ **1(g)(2)** of this chapter.

4 (2) The reasons why the petitioner believes that the assessment
 5 determination by the county property tax assessment board of
 6 appeals is erroneous.

7 (e) The county assessor shall transmit the petition for review to the
 8 Indiana board within ten (10) days after it is filed.

9 (f) If a township assessor or a member of the county property tax
 10 assessment board of appeals files a petition for review under this
 11 section concerning the assessment of a taxpayer's property, the county
 12 assessor must send a copy of the petition to the taxpayer.

13 SECTION 16. IC 6-1.1-15-4, AS AMENDED BY P.L.245-2003,
 14 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 UPON PASSAGE]: Sec. 4. (a) After receiving a petition for review
 16 which is filed under section 3 of this chapter, the Indiana board shall
 17 conduct a hearing at its earliest opportunity. The Indiana board may:

18 (1) assign:

19 (A) full;

20 (B) limited; or

21 (C) no;

22 evidentiary value to the assessed valuation of tangible property
 23 determined by stipulation submitted as evidence of a comparable
 24 sale; and

25 (2) correct any errors that may have been made, and adjust the
 26 assessment in accordance with the correction.

27 If the Indiana board conducts a site inspection of the property as part
 28 of its review of the petition, the Indiana board shall give notice to all
 29 parties of the date and time of the site inspection. The Indiana board is
 30 not required to assess the property in question. The Indiana board shall
 31 give notice of the date fixed for the hearing, by mail, to the taxpayer
 32 and to the appropriate township assessor, county assessor, and county
 33 auditor. The Indiana board shall give these notices at least thirty (30)
 34 days before the day fixed for the hearing. The property tax assessment
 35 board of appeals that made the determination under appeal under this
 36 section may, with the approval of the county executive, file an amicus
 37 curiae brief in the review proceeding under this section. The expenses
 38 incurred by the property tax assessment board of appeals in filing the
 39 amicus curiae brief shall be paid from the property reassessment fund
 40 under IC 6-1.1-4-27.5. The executive of a taxing unit may file an
 41 amicus curiae brief in the review proceeding under this section if the
 42 property whose assessment is under appeal is subject to assessment by

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that taxing unit.

(b) If a petition for review does not comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter, the Indiana board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition. The Indiana board shall deny a corrected petition for review if it does not substantially comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter.

(c) The Indiana board shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form must require the Indiana board to indicate agreement or disagreement with each item that is:

(1) **if the county or township official held a preliminary conference under section 1(f) of this chapter**, indicated on the petition submitted under ~~section 1(e) of this chapter~~; **that section by the taxpayer and the official;**

~~(2) included in the township assessor's response under section 1(g) of this chapter; and~~

~~(3) (2) included in the county property tax assessment board of appeals' findings, record, and determination under section 2.1(d)~~
2.1(c) of this chapter.

The form must also require the Indiana board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

(d) After the hearing the Indiana board shall give the petitioner, the township assessor, the county assessor, and the county auditor:

(1) notice, by mail, of its final determination;

(2) a copy of the form completed under subsection (c); and

(3) notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

(e) Except as provided in subsection (f), the Indiana board shall conduct a hearing not later than nine (9) months after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

(f) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall conduct a hearing not later than one (1) year after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

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(g) Except as provided in subsection (h), the Indiana board shall make a determination not later than the later of ninety (90) days after the hearing or the date set in an extension order issued by the Indiana board.

(h) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall make a determination not later than the later of one hundred eighty (180) days after the hearing or the date set in an extension order issued by the Indiana board.

(i) Except as provided in subsection (n), the Indiana board may not extend the final determination date under subsection (g) or (h) by more than one hundred eighty (180) days. If the Indiana board fails to make a final determination within the time allowed by this subsection, the entity that initiated the petition may:

(1) take no action and wait for the Indiana board to make a final determination; or

(2) petition for judicial review under section 5(g) of this chapter.

(j) A final determination must include separately stated findings of fact for all aspects of the determination. Findings of ultimate fact must be accompanied by a concise statement of the underlying basic facts of record to support the findings. Findings must be based exclusively upon the evidence on the record in the proceeding and on matters officially noticed in the proceeding. Findings must be based upon a preponderance of the evidence.

(k) The Indiana board may limit the scope of the appeal to the issues raised in the petition and the evaluation of the evidence presented to the county property tax assessment board of appeals in support of those issues only if all persons participating in the hearing required under subsection (a) agree to the limitation. A person participating in the hearing required under subsection (a) is entitled to introduce evidence that is otherwise proper and admissible without regard to whether that evidence has previously been introduced at a hearing before the county property tax assessment board of appeals.

(l) The Indiana board:

(1) may require the parties to the appeal to file not more than five (5) business days before the date of the hearing required under subsection (a) documentary evidence or summaries of statements of testimonial evidence; and

(2) may require the parties to the appeal to file not more than fifteen (15) business days before the date of the hearing required under subsection (a) lists of witnesses and exhibits to be

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introduced at the hearing.

(m) A party to a proceeding before the Indiana board shall provide to another party to the proceeding the information described in subsection (l) if the other party requests the information in writing at least ten (10) days before the deadline for filing of the information under subsection (l).

(n) The county assessor may:

(1) appear as an additional party if the notice of appearance is filed before the review proceeding; or

(2) with the approval of the township assessor, represent the township assessor; in a review proceeding under this section.

(o) The Indiana board may base its final determination on a stipulation between the respondent and the petitioner. If the final determination is based on a stipulated assessed valuation of tangible property, the Indiana board may order the placement of a notation on the permanent assessment record of the tangible property that the assessed valuation was determined by stipulation. The Indiana board may:

(1) order that a final determination under this subsection has no precedential value; or

(2) specify a limited precedential value of a final determination under this subsection.

SECTION 17. IC 6-1.1-15-10, AS AMENDED BY P.L.1-2002, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) If a petition for review to any board or a proceeding for judicial review in the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in assessment are, notwithstanding the provisions of IC 6-1.1-22-9, not due until after the petition for review, or the proceeding for judicial review, is finally adjudicated and the assessment or increase in assessment is finally determined. However, even though a petition for review or a proceeding for judicial review is pending, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, unless the collection of the taxes is stayed under IC 4-21.5-5-9 pending a final determination in the proceeding for judicial review. The amount of taxes which the taxpayer is required to pay, pending the final determination of the assessment or increase in assessment, shall be based on:

(1) the assessed value reported by the taxpayer on the taxpayer's personal property return if a personal property assessment, or an increase in such an assessment, is involved; or

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(2) an amount based on the immediately preceding year's assessment of real property if an assessment, or increase in assessment, of real property is involved.

(b) If the petition for review or the proceeding for judicial review is not finally determined by the last installment date for the taxes, the taxpayer, upon showing of cause by a taxing official or at the tax court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment.

(c) Each county auditor shall keep separate on the tax duplicate a record of that portion of the assessed value of property

~~(1) on which a taxpayer is not required to pay taxes under subsection (a); or~~

~~(2) that is described in IC 6-1.1-17-0.5(b).~~

When establishing rates and calculating state school support, the department of local government finance shall ~~recognize the fact that a taxpayer is not required to pay taxes under certain circumstances;~~ **exclude from assessed value in the county the assessed value of property kept separate on the tax duplicate by the county auditor under IC 6-1.1-17-0.5(b).**

SECTION 18. IC 6-1.1-15-11, AS AMENDED BY P.L.90-2002, SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) If a review or appeal authorized under this chapter results in a reduction of the amount of an assessment or if the department of local government finance on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. ~~If~~ After the credit is given, **the county auditor shall:**

(1) determine if a further amount is due the taxpayer; he may file a claim for and

(2) if a further amount is due the taxpayer, notwithstanding IC 5-11-10-1 and IC 36-2-6-2, amount due. If the claim is allowed by The board of county commissioners, the county auditor shall, without a claim or an appropriation being required, pay the amount due the taxpayer.

The county auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid. **The county auditor shall notify the county executive of the payment of the amount due and publish the allowance in the manner provided in IC 36-2-6-3.**

(b) The notice under subsection (a)(2) is treated as a claim by

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1 **the taxpayer for the amount due referred to in that subsection.**

2 SECTION 19. IC 6-1.1-17-20 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 20. (a) This section
4 applies:

5 (1) to each governing body of a taxing unit that is not comprised
6 of a majority of officials who are elected to serve on the
7 governing body; and

8 (2) if the proposed property tax levy for the taxing unit for the
9 ensuing calendar year is more than five percent (5%) greater than
10 the property tax levy for the taxing unit for the current calendar
11 year.

12 (b) As used in this section, "taxing unit" has the meaning set forth
13 in IC 6-1.1-1-21, except that the term does not include a school
14 corporation. ~~or a public library district.~~

15 (c) If:

16 (1) the assessed valuation of a taxing unit is entirely contained
17 within a city or town; or

18 (2) the assessed valuation of a taxing unit is not entirely contained
19 within a city or town but the taxing unit was originally established
20 by the city or town;

21 the governing body shall submit its proposed budget and property tax
22 levy to the city or town fiscal body. The proposed budget and levy shall
23 be submitted at least fourteen (14) days before the city or town fiscal
24 body is required to hold budget approval hearings under this chapter.

25 (d) If subsection (c) does not apply, the governing body of the taxing
26 unit shall submit its proposed budget and property tax levy to the
27 county fiscal body in the county where the taxing unit has the most
28 assessed valuation. The proposed budget and levy shall be submitted
29 at least fourteen (14) days before the county fiscal body is required to
30 hold budget approval hearings under this chapter.

31 (e) The fiscal body of the city, town, or county (whichever applies)
32 shall review each budget and proposed tax levy and adopt a final
33 budget and tax levy for the taxing unit. The fiscal body may reduce or
34 modify but not increase the proposed budget or tax levy. ~~However, the~~
35 ~~fiscal body may not reduce the proposed tax levy to an amount that is~~
36 ~~less than the maximum permissible levy under IC 6-1.1-18.5-3.~~

37 SECTION 20. IC 6-1.1-18-12 IS ADDED TO THE INDIANA
38 CODE AS A NEW SECTION TO READ AS FOLLOWS
39 [EFFECTIVE UPON PASSAGE]: **Sec. 12. (a) For purposes of this**
40 **section, "maximum rate" refers to the maximum:**

41 (1) **property tax rate or rates; or**

42 (2) **special benefits tax rate or rates;**

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referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied for taxes first due and payable in 2003.

(c) The maximum rate must be adjusted:

- (1) each time an annual adjustment of the assessed value of real property takes effect under IC 6-1.1-4-4.5; and
- (2) each time a general reassessment of real property takes effect under IC 6-1.1-4-4.

(d) The statutes to which subsection (a) refers are:

- (1) IC 8-10-5-17;
- (2) IC 8-22-3-11;
- (3) IC 8-22-3-25;
- (4) IC 12-29-1-1;
- (5) IC 12-29-1-2;
- (6) IC 12-29-1-3;
- (7) IC 12-29-2-13;
- (8) IC 12-29-3-6;
- (9) IC 13-21-3-12;
- (10) IC 13-21-3-15;
- (11) IC 14-27-6-30;
- (12) IC 14-33-7-3;
- (13) IC 14-33-21-5;
- (14) IC 15-1-6-2;
- (15) IC 15-1-8-1;
- (16) IC 15-1-8-2;
- (17) IC 16-20-2-18;
- (18) IC 16-20-4-27;
- (19) IC 16-20-7-2;
- (20) IC 16-23-1-29;
- (21) IC 16-23-3-6;
- (22) IC 16-23-4-2;
- (23) IC 16-23-5-6;
- (24) IC 16-23-7-2;
- (25) IC 16-23-8-2;
- (26) IC 16-23-9-2;
- (27) IC 16-41-15-5;
- (28) IC 16-41-33-4;
- (29) IC 20-5-17.5-2;
- (30) IC 20-5-17.5-3;
- (31) IC 20-5-37-4;

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- 1 (32) IC 20-14-7-5.1;
 2 (33) IC 20-14-7-6;
 3 (34) IC 20-14-13-12;
 4 (35) IC 21-1-11-3;
 5 (36) IC 21-2-17-2;
 6 (37) IC 23-13-17-1;
 7 (38) IC 23-14-66-2;
 8 (39) IC 23-14-67-3;
 9 (40) IC 36-7-13-4;
 10 (41) IC 36-7-14-28;
 11 (42) IC 36-7-15.1-16;
 12 (43) IC 36-8-19-8.5;
 13 (44) IC 36-9-6.1-2;
 14 (45) IC 36-9-17.5-4;
 15 (46) IC 36-9-27-73;
 16 (47) IC 36-9-29-31;
 17 (48) IC 36-9-29.1-15;
 18 (49) IC 36-10-6-2;
 19 (50) IC 36-10-7-7;
 20 (51) IC 36-10-7-8;
 21 (52) IC 36-10-7.5-19; and
 22 (53) any statute enacted after December 31, 2003, that:
 23 (A) establishes a maximum rate for any part of the:
 24 (i) property taxes; or
 25 (ii) special benefits taxes;
 26 imposed by a political subdivision; and
 27 (B) does not exempt the maximum rate from the
 28 adjustment under this section.
 29 (e) The new maximum rate under a statute listed in subsection
 30 (d) is the tax rate determined under STEP SEVEN of the following
 31 STEPS:
 32 STEP ONE: Determine the maximum rate for the political
 33 subdivision levying a property tax or special benefits tax
 34 under the statute for the year preceding the year in which the
 35 annual adjustment or general reassessment takes effect.
 36 STEP TWO: Determine the actual percentage increase
 37 (rounded to the nearest one-hundredth percent (0.01%)) in
 38 the assessed value (before the adjustment, if any, under
 39 IC 6-1.1-4-4.5) of the taxable property from the year
 40 preceding the year the annual adjustment or general
 41 reassessment takes effect to the year that the annual
 42 adjustment or general reassessment takes effect.



STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first take effect.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

SECTION 21. IC 6-1.1-18.5-1, AS AMENDED BY P.L.198-2001, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means ~~the greater of:~~

(1) the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined under section 3 of this chapter; or

(2) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local

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government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, **and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.**

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 22. IC 6-1.1-18.5-13, AS AMENDED BY P.L.245-2003, SECTION 16, AND AS AMENDED BY P.L.224-2003, SECTION 246, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

~~(1) Permission to the civil taxing unit to reallocate the amount set aside as a property tax replacement credit as required by IC 6-3.5-1.1 for a purpose other than property tax relief. However, whenever this occurs, the local government tax control board shall also state the amount to be reallocated.~~

~~(2)~~ (1) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

~~(3)~~ (2) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute

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enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's share of the costs of operating a court for the first full calendar year in which it is in existence.

(+) (3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and three-hundredths (1.03):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the *sum of the* civil taxing unit's total assessed value of all taxable property *and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42* in the particular calendar year, divided by the *sum of the* civil taxing unit's total assessed value of all taxable property *and the total assessed value of property tax deductions in the unit under IC 6-1.1-12-41 or IC 6-1.1-12-42* in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the *sum of the* total assessed value of all taxable property in ~~the state~~ *all counties* *and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42* in the particular calendar year, divided by the *sum of the* total assessed value of all taxable property in ~~the state~~ *all counties* *and the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42* in the calendar year immediately preceding the particular calendar year.

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1 STEP FIVE: Divide the sum of the three (3) quotients
2 computed in STEP FOUR by three (3).

3 STEP SIX: Divide the STEP THREE amount by the STEP
4 FIVE amount.

5 *In addition, before the local government tax control board may*
6 *recommend the relief allowed under this subdivision, the civil*
7 *taxing unit must show a need for the increased levy because of*
8 *special circumstances, and the local government tax control*
9 *board must consider other sources of revenue and other means*
10 *of relief. The civil taxing unit may increase its levy by a*
11 *percentage not greater than the percentage by which the STEP*
12 *THREE amount exceeds the percentage by which the civil taxing*
13 *unit may increase its levy under section 3 of this chapter based on*
14 *the assessed value growth quotient determined under section 2 of*
15 *this chapter.*

16 ~~(5)~~ (4) Permission to the civil taxing unit to increase its levy in
17 excess of the limitations established under section 3 of this
18 chapter, if the local government tax control board finds that the
19 civil taxing unit needs the increase to pay the costs of furnishing
20 fire protection for the civil taxing unit through a volunteer fire
21 department. For purposes of determining a township's need for an
22 increased levy, the local government tax control board shall not
23 consider the amount of money borrowed under IC 36-6-6-14
24 during the immediately preceding calendar year. However, any
25 increase in the amount of the civil taxing unit's levy recommended
26 by the local government tax control board under this subdivision
27 for the ensuing calendar year may not exceed the lesser of:

- 28 (A) ten thousand dollars (\$10,000); or
29 (B) twenty percent (20%) of:
30 (i) the amount authorized for operating expenses of a
31 volunteer fire department in the budget of the civil taxing
32 unit for the immediately preceding calendar year; plus
33 (ii) the amount of any additional appropriations authorized
34 during that calendar year for the civil taxing unit's use in
35 paying operating expenses of a volunteer fire department
36 under this chapter; minus
37 (iii) the amount of money borrowed under IC 36-6-6-14
38 during that calendar year for the civil taxing unit's use in
39 paying operating expenses of a volunteer fire department.

40 ~~(6)~~ (5) Permission to a civil taxing unit to increase its levy in
41 excess of the limitations established under section 3 of this
42 chapter in order to raise revenues for pension payments and

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contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

~~(7)~~ (6) Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the township's poor relief ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing poor relief under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's poor relief ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

~~(8)~~ (7) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this

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subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

~~(9)~~ **(8)** Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

~~(10)~~ **(9)** Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's

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levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

~~(H)~~ **(10)** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the

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township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

~~(+2)~~ **(11)** Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

~~(+3)~~ **(12)** Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under ~~subdivision (+)~~ **this section to reallocate property tax replacement credits under IC 6-3.5-1.1** in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned **under this section** to have reallocated in 2001 ~~under subdivision (+)~~ for a purpose other than property tax relief.

SECTION 23. IC 6-1.1-18.5-16, AS AMENDED BY P.L.90-2002, SECTION 171, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

(1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;

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(2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and

(3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government finance.

(b) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if the civil taxing unit experienced a property tax revenue shortfall because of the payment of refunds that resulted from appeals under this article and IC 6-1.5.

(c) If the local government tax control board determines that ~~such~~ a shortfall **described in subsection (a) or (b)** has occurred, it shall recommend to the department of local government finance that the civil taxing unit be allowed to impose a property tax levy exceeding the limit imposed by section 3 of this chapter, and the department ~~shall~~ **may** adopt such recommendation. However, the maximum amount by which the civil taxing unit's levy may be increased over the limits imposed by section 3 of this chapter equals the remainder of the civil taxing unit's property tax levy for the particular calendar year as finally approved by the department of local government finance minus the actual property tax levy collected by the civil taxing unit for that particular calendar year.

~~(c)~~ **(d)** Any property taxes collected by a civil taxing unit over the limits imposed by section 3 of this chapter under the authority of this section may not be treated as a part of the civil taxing unit's maximum permissible ad valorem property tax levy for purposes of determining its maximum permissible ad valorem property tax levy for future years.

~~(d)~~ **(e)** If the department of local government finance authorizes an excess tax levy under this section, it shall take appropriate steps to insure that the proceeds are first used to repay any loan made to the civil taxing unit for the purpose of meeting its current expenses.

SECTION 24. IC 6-1.1-18.5-17, AS AMENDED BY P.L.90-2002, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 17. (a) As used in this section, "levy excess" means the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17.

(b) A civil taxing unit's levy excess is valid and may not be

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1 contested on the grounds that it exceeds the civil taxing unit's levy limit
 2 for the applicable calendar year. However, the civil taxing unit shall
 3 deposit, except as provided in subsection (h), ~~the part of its levy that~~
 4 ~~exceeds one hundred two percent (102%) of the civil taxing unit's ad~~
 5 ~~valorem property tax levy for the applicable calendar year, as approved~~
 6 ~~by the department of local government finance under IC 6-1.1-17,~~
 7 **excess** in a special fund to be known as the civil taxing unit's levy
 8 excess fund.

9 (c) The chief fiscal officer of a civil taxing unit may invest money
 10 in the civil taxing unit's levy excess fund in the same manner in which
 11 money in the civil taxing unit's general fund may be invested. However,
 12 any income derived from investment of the money shall be deposited
 13 in and becomes a part of the levy excess fund.

14 (d) The department of local government finance ~~may~~ **shall** require
 15 a civil taxing unit to include the amount in its levy excess fund in the
 16 civil taxing unit's budget fixed under IC 6-1.1-17.

17 (e) Except as provided by subsection (f), a civil taxing unit may not
 18 spend any money in its levy excess fund until the expenditure of the
 19 money has been included in a budget that has been approved by the
 20 department of local government finance under IC 6-1.1-17. For
 21 purposes of fixing its budget and for purposes of the **ad valorem**
 22 property tax levy limits imposed under this chapter, a civil taxing unit
 23 shall treat the money in its levy excess fund that the department of local
 24 government finance permits it to spend during a particular calendar
 25 year as part of its ad valorem property tax levy for that same calendar
 26 year.

27 (f) A civil taxing unit may transfer money from its levy excess fund
 28 to its other funds to reimburse those funds for amounts withheld from
 29 the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

30 (g) Subject to the limitations imposed by this section, a civil taxing
 31 unit may use money in its levy excess fund for any lawful purpose for
 32 which money in any of its other funds may be used.

33 (h) If the amount that would, notwithstanding this subsection, be
 34 deposited in the levy excess fund of a civil taxing unit for a particular
 35 calendar year is less than one hundred dollars (\$100), no money shall
 36 be deposited in the levy excess fund of the unit for that year.

37 SECTION 25. IC 6-1.1-18.6-2, AS AMENDED BY P.L.273-1999,
 38 SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2003 (RETROACTIVE)]: Sec. 2. A county may not impose
 40 a county family and children property tax levy for an ensuing calendar
 41 year that exceeds the ~~product of:~~ **levy determined under**
 42 **IC 12-19-7-4.**

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(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section;

SECTION 26. IC 6-1.1-18.6-2.2, AS ADDED BY P.L.224-2003, SECTION 87, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 2.2. A county may not impose a county children's psychiatric residential treatment services property tax levy for an ensuing calendar year that exceeds the ~~product of: levy determined under IC 12-19-7.5-6.~~

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) the maximum county children's psychiatric residential treatment services property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section;

SECTION 27. IC 6-1.1-19-1.5, AS AMENDED BY P.L.276-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

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(B) the school corporation's previous year property tax rate.
 STEP TWO: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP THREE and not under STEP FOUR;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP THREE; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP THREE or STEP FOUR.

STEP THREE: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) five cents (\$0.05).

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) five cents (\$0.05).

STEP FIVE: Determine the result of:

(A) the STEP TWO (C), STEP THREE, or STEP FOUR result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

STEP SIX: Determine the result of:

(A) the STEP FIVE result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half

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1 (1/2) pupil.

2 The result determined under this STEP may not be included in the
3 school corporation's adjusted base levy for the year following the
4 year in which the result applies or in the school corporation's
5 determination of tuition support.

6 (c) For purposes of this section, "total assessed value" ~~as adjusted~~
7 ~~under subsection (d)~~, with respect to a school corporation means the
8 total assessed value of all taxable property for ad valorem property
9 taxes first due and payable during that year.

10 ~~(d) The department of local government finance may adjust the total~~
11 ~~assessed value of a school corporation to eliminate the effects of~~
12 ~~appeals and settlements arising from a statewide general reassessment~~
13 ~~of real property.~~

14 ~~(e)~~ (d) The department of local government finance shall annually
15 establish an assessment ratio and adjustment factor for each school
16 corporation to be used upon the review and recommendation of the
17 budget committee. The information compiled, including background
18 documentation, may not be used in a:

19 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
20 IC 6-1.1-14, or IC 6-1.1-15;

21 (2) petition for a correction of error under IC 6-1.1-15-12; or

22 (3) petition for refund under IC 6-1.1-26.

23 ~~(f)~~ (e) All tax rates shall be computed by rounding the rate to the
24 nearest one-hundredth of a cent (\$0.0001). All tax levies shall be
25 computed by rounding the levy to the nearest dollar amount.

26 ~~(g)~~ (f) For the calendar year beginning January 1, 2004, and ending
27 December 31, 2004, a school corporation may impose a general fund
28 ad valorem property tax levy in the amount determined under STEP
29 ~~SEVEN EIGHT~~ of the following formula:

30 STEP ONE: Determine the quotient of:

31 (A) the school corporation's 2003 assessed valuation; divided
32 by

33 (B) the school corporation's 2002 assessed valuation.

34 STEP TWO: Determine the greater of zero (0) or the difference
35 between:

36 (A) the STEP ONE amount; minus

37 (B) one (1).

38 STEP THREE: Determine the lesser of eleven-hundredths (0.11)
39 or the product of:

40 (A) the STEP TWO amount; multiplied by

41 (B) eleven-hundredths (0.11).

42 STEP FOUR: Determine the sum of:

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1 (A) the STEP THREE amount; plus
 2 (B) one (1).
 3 STEP FIVE: Determine the product of:
 4 (A) the STEP FOUR amount; multiplied by
 5 (B) the school corporation's general fund ad valorem property
 6 tax levy for calendar year 2003.
 7 STEP SIX: Determine the lesser of:
 8 (A) the STEP FIVE amount; or
 9 (B) the levy resulting from using the school corporation's
 10 previous year property tax rate after increasing the rate by five
 11 cents (\$0.05).
 12 STEP SEVEN: Determine the result of:
 13 (A) the STEP SIX amount; plus
 14 (B) an amount equal to the annual decrease in federal aid to
 15 impacted areas from the year preceding the ensuing calendar
 16 year by three (3) years to the year preceding the ensuing
 17 calendar year by two (2) years.
 18 The maximum levy is to include the part of any excessive levy
 19 and the levy for new facilities.
 20 STEP EIGHT: Determine the result of:
 21 (A) the STEP SEVEN result; plus
 22 (B) the product of:
 23 (i) the weighted average of the amounts determined under
 24 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
 25 attended by students who have legal settlement in the school
 26 corporation; multiplied by
 27 (ii) thirty-five hundredths (0.35).
 28 In determining the number of students for purposes of this
 29 STEP, each kindergarten pupil shall be counted as one-half
 30 (1/2) pupil.
 31 The result determined under this STEP may not be included in the
 32 school corporation's adjusted base levy for the year following the
 33 year in which the result applies or in the school corporation's
 34 determination of tuition support.
 35 SECTION 28. IC 6-1.1-19-1.7, AS AMENDED BY P.L.90-2002,
 36 SECTION 174, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2004]: Sec. 1.7. (a) As used in this section,
 38 "levy excess" means that portion of the ad valorem property tax levy
 39 actually collected by a school corporation, for taxes first due and
 40 payable during a particular calendar year, which exceeds the school
 41 corporation's total levy, as approved by the department of local
 42 government finance under IC 6-1.1-17, for those property taxes.

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(b) A school corporation's levy excess is valid, and the general fund portion of a school corporation's levy excess may not be contested on the grounds that it exceeds the school corporation's general fund levy limit for the applicable calendar year. However, the school corporation shall deposit, except as provided in subsection (h), ~~that portion of a school corporation's~~ its levy excess ~~which exceeds one hundred two percent (102%) of the school corporation's total levy, as approved by the department of local government finance under IC 6-1.1-17, for the applicable calendar year,~~ in a special fund to be known as the school corporation's levy excess fund.

(c) The chief fiscal officer of a school corporation may invest money in the school corporation's levy excess fund in the same manner in which money in the school corporation's general fund may be invested. However, any income derived from investment of the money shall be deposited in and become a part of the levy excess fund.

(d) The department of local government finance ~~may~~ **shall** require a school corporation to include the amount in the school corporation's levy excess fund in the school corporation's budget fixed under IC 6-1.1-17.

(e) Except as provided in subsection (f), a school corporation may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the **ad valorem** property tax levy limits fixed under this chapter, a school corporation shall treat the money in its levy excess fund that the department of local government finance permits the school corporation to spend during a particular calendar year as part of the school corporation's ad valorem property tax levy for that same calendar year.

(f) A school corporation may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the school corporation as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a school corporation may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would be deposited in the levy excess fund of a school corporation for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the school corporation for that year.

SECTION 29. IC 6-1.1-19-4.7, AS AMENDED BY P.L.90-2002, SECTION 182, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: Sec. 4.7. (a) With respect to every appeal petition that:

- (1) is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter; and
- (2) includes a request for emergency relief for the purpose of making up a shortfall that has resulted:

(A) whenever:

- (i) erroneous assessed valuation figures were provided to the school corporation;
- (ii) erroneous figures were used to determine the school corporation's total property tax rate; and
- (iii) the school corporation's general fund tax levy was reduced under IC 6-1.1-17-16(d); or

(B) ~~whenever the assessed valuation figures that were provided to and used by the school corporation to determine the property tax rate did not accurately reflect because of the payment of refunds that resulted from appeals filed by property owners; under this article and IC 6-1.5;~~

the tax control board shall recommend to the department of local government finance that the school corporation receive emergency financial relief. The relief shall be in the form specified in section 4.5(b)(1) through 4.5(b)(7) of this chapter, or in a combination of the forms of relief specified in section 4.5(b)(1) through 4.5(b)(7) of this chapter.

(b) The tax control board shall, if the tax control board determines that a shortfall exists as described in subsection (a), recommend that a school corporation that appeals for the purpose stated in subsection (a) be permitted to collect an excessive tax levy for a specified calendar year in the amount of the difference between:

- (1) the school corporation's property tax levy for a particular year as finally approved by the department of local government finance; and
- (2) the school corporation's actual property tax levy for the particular year.

(c) With respect to each appeal petition that:

- (1) is delivered to the tax control board by the department of local government finance under section 4.1 of this chapter;
- (2) includes a request for emergency relief for the purpose of making up a shortfall that has resulted because of a delinquent property taxpayer; and
- (3) the tax control board finds that the balance in the school corporation's levy excess fund plus the property taxes collected

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1 for the school corporation is less than ninety-eight percent (98%)
 2 of the school corporation's property tax levy for that year, as
 3 finally approved by the department of local government finance;
 4 the tax control board may recommend to the department of local
 5 government finance that the school corporation receive emergency
 6 financial relief in the form specified in section 4.5(b)(1) through
 7 4.5(b)(7) of this chapter and be permitted to collect an excessive tax
 8 levy for a specified calendar year in the amount of the difference
 9 between the school corporation's property tax levy for a particular year,
 10 as finally approved by the department, and the school corporation's
 11 actual property tax collections plus any balance in the school
 12 corporation's levy excess fund.

13 (d) Every recommendation made by the tax control board under this
 14 section shall specify the amount of the excessive tax levy. The
 15 department of local government finance ~~shall~~ **may** authorize the school
 16 board to make an excessive tax levy in accordance with the
 17 recommendation without any other proceeding. Whenever the
 18 department of local government finance authorizes an excessive tax
 19 levy under this subsection, the department shall take appropriate steps
 20 to ensure that the proceeds of the excessive tax levy are first used to
 21 repay any loan authorized under sections 4.3 through 5.3 of this
 22 chapter.

23 SECTION 30. IC 6-1.1-20-3.1, AS AMENDED BY P.L.178-2002,
 24 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 MARCH 1, 2004]: Sec. 3.1. A political subdivision may not impose
 26 property taxes to pay debt service or lease rentals without completing
 27 the following procedures:

- 28 (1) The proper officers of a political subdivision shall:
 29 (A) publish notice in accordance with IC 5-3-1; and
 30 (B) send notice by first class mail to any organization that
 31 delivers to the officers, before January 1 of that year, an annual
 32 written request for such notices;
 33 of any meeting to consider adoption of a resolution or an
 34 ordinance making a preliminary determination to issue bonds or
 35 enter into a lease and shall conduct a public hearing on a
 36 preliminary determination before adoption of the resolution or
 37 ordinance.
 38 (2) When the proper officers of a political subdivision make a
 39 preliminary determination to issue bonds or enter into a lease, the
 40 officers shall give notice of the preliminary determination by:
 41 (A) publication in accordance with IC 5-3-1; and
 42 (B) first class mail to the organizations described in

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- 1 subdivision (1)(B).
- 2 (3) A notice under subdivision (2) of the preliminary
- 3 determination of the political subdivision to issue bonds or enter
- 4 into a lease must include the following information:
- 5 (A) The maximum term of the bonds or lease.
- 6 (B) The maximum principal amount of the bonds or the
- 7 maximum lease rental for the lease.
- 8 (C) The estimated interest rates that will be paid and the total
- 9 interest costs associated with the bonds or lease.
- 10 (D) The purpose of the bonds or lease.
- 11 (E) A statement that any owners of real property within the
- 12 political subdivision who want to initiate a petition and
- 13 remonstrance process against the proposed debt service or
- 14 lease payments must file a petition that complies with
- 15 subdivisions (4) and (5) not later than thirty (30) days after
- 16 publication in accordance with IC 5-3-1.
- 17 (F) With respect to bonds issued or a lease entered into to
- 18 open:
- 19 (i) a new school facility; or
- 20 (ii) an existing facility that has not been used for at least
- 21 three (3) years and that is being reopened to provide
- 22 additional classroom space;
- 23 the estimated costs the school corporation expects to incur
- 24 annually to operate the facility.
- 25 (G) A statement of whether the school corporation expects to
- 26 appeal as described in IC 6-1.1-19-4.4(a)(4) for an increased
- 27 adjusted base levy to pay the estimated costs described in
- 28 clause (F).
- 29 (4) After notice is given, a petition requesting the application of
- 30 a petition and remonstrance process may be filed by the lesser of:
- 31 (A) ~~two one~~ hundred ~~fifty~~ (250) (100) owners of real property
- 32 within the political subdivision; or
- 33 (B) ~~ten~~ five percent (~~10%~~) (5%) of the owners of real property
- 34 within the political subdivision.
- 35 (5) **The state board of accounts shall design and, upon request**
- 36 **by the county auditor, deliver to the county auditor or the**
- 37 **county auditor's designated printer the petition forms to be**
- 38 **used solely in the petition process described in this section.**
- 39 **The county auditor shall issue to an owner or owners of real**
- 40 **property within the political subdivision the number of**
- 41 **petition forms requested by the owner or owners. Each form**
- 42 **must be accompanied by instructions detailing the**

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requirements that:

(A) the carrier and signers must be owners of real property;

(B) the carrier must be a signatory on at least one (1) petition;

(C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and

(D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision ~~(6)~~ (7).

~~(6)~~ (7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

~~(7)~~ (8) The county auditor must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

SECTION 31. IC 6-1.1-20-3.2, AS AMENDED BY P.L.178-2002, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without

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1 completing the following procedures:

2 (1) The proper officers of the political subdivision shall give
3 notice of the applicability of the petition and remonstrance
4 process by:

5 (A) publication in accordance with IC 5-3-1; and

6 (B) first class mail to the organizations described in section
7 3.1(1)(B) of this chapter.

8 A notice under this subdivision must include a statement that any
9 owners of real property within the political subdivision who want
10 to petition in favor of or remonstrate against the proposed debt
11 service or lease payments must file petitions and remonstrances
12 in compliance with subdivisions (2) through (4) not earlier than
13 thirty (30) days or later than sixty (60) days after publication in
14 accordance with IC 5-3-1.

15 (2) Not earlier than thirty (30) days or later than sixty (60) days
16 after the notice under subdivision (1) is given:

17 (A) petitions (described in subdivision (3)) in favor of the
18 bonds or lease; and

19 (B) remonstrances (described in subdivision (3)) against the
20 bonds or lease;

21 may be filed by an owner or owners of real property within the
22 political subdivision. Each signature on a petition must be dated
23 and the date of signature may not be before the date on which the
24 petition and remonstrance forms may be issued under subdivision
25 (3). A petition described in clause (A) or a remonstrance
26 described in clause (B) must be verified in compliance with
27 subdivision (4) before the petition or remonstrance is filed with
28 the county auditor under subdivision (4).

29 (3) The state board of accounts shall design and, upon request by
30 the county auditor, deliver to the county auditor or the county
31 auditor's designated printer the petition and remonstrance forms
32 to be used solely in the petition and remonstrance process
33 described in this section. The county auditor shall issue to an
34 owner or owners of real property within the political subdivision
35 the number of petition or remonstrance forms requested by the
36 owner or owners. Each form must be accompanied by instructions
37 detailing the requirements that:

38 (A) the carrier and signers must be owners of real property;

39 (B) the carrier must be a signatory on at least one (1) petition;

40 (C) after the signatures have been collected, the carrier must
41 swear or affirm before a notary public that the carrier
42 witnessed each signature; ~~and~~

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(D) govern the closing date for the petition and remonstrance period; **and**

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or

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objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by IC 6-1.1-18.5-8 or IC 6-1.1-19-8.

SECTION 32. IC 6-1.1-20-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: **Sec. 10. (a) If a petition and remonstrance process is commenced under section 3.2 of this chapter, during the sixty (60) day period commencing with the notice under section 3.2(1) of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:**

(1) Allowing facilities or equipment, including mail and messaging systems, owned by the political subdivision to be used for public relations purposes to promote a position on the petition or remonstrance, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication sent to the students' residences.

However, this section does not prohibit an employee of the political subdivision from carrying out duties with respect to a petition or

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1 remonstrance that are part of the normal and regular conduct of
2 the employee's office or agency.

3 (b) A person may not solicit or collect signatures for a petition
4 or remonstrance on property owned or controlled by the political
5 subdivision.

6 SECTION 33. IC 6-1.1-21-2, AS AMENDED BY P.L.224-2003,
7 SECTION 137, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

9 (a) "Taxpayer" means a person who is liable for taxes on property
10 assessed under this article.

11 (b) "Taxes" means property taxes payable in respect to property
12 assessed under this article. The term does not include special
13 assessments, penalties, or interest, but does include any special charges
14 which a county treasurer combines with all other taxes in the
15 preparation and delivery of the tax statements required under
16 IC 6-1.1-22-8(a).

17 (c) "Department" means the department of state revenue.

18 (d) "Auditor's abstract" means the annual report prepared by each
19 county auditor which under IC 6-1.1-22-5, is to be filed on or before
20 March 1 of each year with the auditor of state.

21 (e) "Mobile home assessments" means the assessments of mobile
22 homes made under IC 6-1.1-7.

23 (f) "Postabstract adjustments" means adjustments in taxes made
24 subsequent to the filing of an auditor's abstract which change
25 assessments therein or add assessments of omitted property affecting
26 taxes for such assessment year.

27 (g) "Total county tax levy" means the sum of:

28 (1) the remainder of:

29 (A) the aggregate levy of all taxes for all taxing units in a
30 county which are to be paid in the county for a stated
31 assessment year as reflected by the auditor's abstract for the
32 assessment year, adjusted, however, for any postabstract
33 adjustments which change the amount of the aggregate levy;
34 minus

35 (B) the sum of any increases in property tax levies of taxing
36 units of the county that result from appeals described in:

37 (i) ~~IC 6-1.1-18.5-13(5)~~ IC 6-1.1-18.5-13(4) and
38 ~~IC 6-1.1-18.5-13(6)~~ IC 6-1.1-18.5-13(5) filed after
39 December 31, 1982; plus

40 (ii) the sum of any increases in property tax levies of taxing
41 units of the county that result from any other appeals
42 described in IC 6-1.1-18.5-13 filed after December 31,

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- 1 1983; plus
 2 (iii) IC 6-1.1-18.6-3 (children in need of services and
 3 delinquent children who are wards of the county); minus
 4 (C) the total amount of property taxes imposed for the stated
 5 assessment year by the taxing units of the county under the
 6 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
 7 IC 12-19-5, or IC 12-20-24; minus
 8 (D) the total amount of property taxes to be paid during the
 9 stated assessment year that will be used to pay for interest or
 10 principal due on debt that:
 11 (i) is entered into after December 31, 1983;
 12 (ii) is not debt that is issued under IC 5-1-5 to refund debt
 13 incurred before January 1, 1984; and
 14 (iii) does not constitute debt entered into for the purpose of
 15 building, repairing, or altering school buildings for which
 16 the requirements of IC 20-5-52 were satisfied prior to
 17 January 1, 1984; minus
 18 (E) the amount of property taxes imposed in the county for the
 19 stated assessment year under the authority of IC 21-2-6
 20 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 21 cumulative building fund whose property tax rate was initially
 22 established or reestablished for a stated assessment year that
 23 succeeds the 1983 stated assessment year; minus
 24 (F) the remainder of:
 25 (i) the total property taxes imposed in the county for the
 26 stated assessment year under authority of IC 21-2-6
 27 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 28 cumulative building fund whose property tax rate was not
 29 initially established or reestablished for a stated assessment
 30 year that succeeds the 1983 stated assessment year; minus
 31 (ii) the total property taxes imposed in the county for the
 32 1984 stated assessment year under the authority of IC 21-2-6
 33 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 34 cumulative building fund whose property tax rate was not
 35 initially established or reestablished for a stated assessment
 36 year that succeeds the 1983 stated assessment year; minus
 37 (G) the amount of property taxes imposed in the county for the
 38 stated assessment year under:
 39 (i) IC 21-2-15 for a capital projects fund; plus
 40 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
 41 (iii) IC 20-14-13 for a library capital projects fund; plus
 42 (iv) IC 20-5-17.5-3 for an art association fund; plus

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- 1 (v) IC 21-2-17 for a special education preschool fund; plus
 2 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
 3 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in
 4 a school corporation's maximum permissible general fund
 5 levy for certain transfer tuition costs; plus
 6 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase
 7 in a school corporation's maximum permissible general fund
 8 levy for transportation operating costs; minus
 9 (H) the amount of property taxes imposed by a school
 10 corporation that is attributable to the passage, after 1983, of a
 11 referendum for an excessive tax levy under IC 6-1.1-19,
 12 including any increases in these property taxes that are
 13 attributable to the adjustment set forth in IC 6-1.1-19-1.5 or
 14 any other law; minus
 15 (I) for each township in the county, the lesser of:
 16 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 17 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
 18 whichever is applicable, plus the part, if any, of the
 19 township's ad valorem property tax levy for calendar year
 20 1989 that represents increases in that levy that resulted from
 21 an appeal described in ~~IC 6-1.1-18.5-13(5)~~
 22 **IC 6-1.1-18.5-13(4)** filed after December 31, 1982; or
 23 (ii) the amount of property taxes imposed in the township for
 24 the stated assessment year under the authority of
 25 IC 36-8-13-4; minus
 26 (J) for each participating unit in a fire protection territory
 27 established under IC 36-8-19-1, the amount of property taxes
 28 levied by each participating unit under IC 36-8-19-8 and
 29 IC 36-8-19-8.5 less the maximum levy limit for each of the
 30 participating units that would have otherwise been available
 31 for fire protection services under IC 6-1.1-18.5-3 and
 32 IC 6-1.1-18.5-19 for that same year; minus
 33 (K) for each county, the sum of:
 34 (i) the amount of property taxes imposed in the county for
 35 the repayment of loans under IC 12-19-5-6 (repealed) that is
 36 included in the amount determined under IC 12-19-7-4(a)
 37 STEP SEVEN for property taxes payable in 1995, or for
 38 property taxes payable in each year after 1995, the amount
 39 determined under IC 12-19-7-4(b); and
 40 (ii) the amount of property taxes imposed in the county
 41 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 42 included in the amount determined under IC 12-19-7-4(a)

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- 1 STEP SEVEN for property taxes payable in 1995, or the
 2 amount determined under IC 12-19-7-4(b) for property taxes
 3 payable in each year after 1995; plus
 4 (2) all taxes to be paid in the county in respect to mobile home
 5 assessments currently assessed for the year in which the taxes
 6 stated in the abstract are to be paid; plus
 7 (3) the amounts, if any, of county adjusted gross income taxes that
 8 were applied by the taxing units in the county as property tax
 9 replacement credits to reduce the individual levies of the taxing
 10 units for the assessment year, as provided in IC 6-3.5-1.1; plus
 11 (4) the amounts, if any, by which the maximum permissible ad
 12 valorem property tax levies of the taxing units of the county were
 13 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 14 assessment year; plus
 15 (5) the difference between:
 16 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 17 minus
 18 (B) the amount the civil taxing units' levies were increased
 19 because of the reduction in the civil taxing units' base year
 20 certified shares under IC 6-1.1-18.5-3(e).
 21 (h) "December settlement sheet" means the certificate of settlement
 22 filed by the county auditor with the auditor of state, as required under
 23 IC 6-1.1-27-3.
 24 (i) "Tax duplicate" means the roll of property taxes which each
 25 county auditor is required to prepare on or before March 1 of each year
 26 under IC 6-1.1-22-3.
 27 (j) "Eligible property tax replacement amount" is equal to the sum
 28 of the following:
 29 (1) Sixty percent (60%) of the total county tax levy imposed by
 30 each school corporation in a county for its general fund for a
 31 stated assessment year.
 32 (2) Twenty percent (20%) of the total county tax levy (less sixty
 33 percent (60%) of the levy for the general fund of a school
 34 corporation that is part of the total county tax levy) imposed in a
 35 county on real property for a stated assessment year.
 36 (3) Twenty percent (20%) of the total county tax levy (less sixty
 37 percent (60%) of the levy for the general fund of a school
 38 corporation that is part of the total county tax levy) imposed in a
 39 county on tangible personal property, excluding business personal
 40 property, for an assessment year.
 41 (k) "Business personal property" means tangible personal property
 42 (other than real property) that is being:

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- 1 (1) held for sale in the ordinary course of a trade or business; or
- 2 (2) held, used, or consumed in connection with the production of
- 3 income.
- 4 (l) "Taxpayer's property tax replacement credit amount" means the
- 5 sum of the following:
- 6 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
- 7 year for taxes imposed by a school corporation for its general fund
- 8 for a stated assessment year.
- 9 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 10 assessment year for a total county tax levy (less sixty percent
- 11 (60%) of the levy for the general fund of a school corporation that
- 12 is part of the total county tax levy) on real property.
- 13 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
- 14 assessment year for a total county tax levy (less sixty percent
- 15 (60%) of the levy for the general fund of a school corporation that
- 16 is part of the total county tax levy) on tangible personal property
- 17 other than business personal property.
- 18 (m) "Tax liability" means tax liability as described in section 5 of
- 19 this chapter.
- 20 (n) "General school operating levy" means the ad valorem property
- 21 tax levy of a school corporation in a county for the school corporation's
- 22 general fund.
- 23 SECTION 34. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2003,
- 24 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 25 UPON PASSAGE]: Sec. 5. (a) Each year the taxpayers of each county
- 26 shall receive a credit for property tax replacement in the amount of
- 27 each taxpayer's property tax replacement credit amount for taxes
- 28 which:
- 29 (1) under IC 6-1.1-22-9 are due and payable in May and
- 30 November of that year; **or**
- 31 **(2) under IC 6-1.1-22-9.5 are due in installments established**
- 32 **by the department of local government finance for that year.**
- 33 The credit shall be applied to each installment of taxes. The dollar
- 34 amount of the credit for each taxpayer shall be determined by the
- 35 county auditor, based on data furnished by the department of local
- 36 government finance.
- 37 (b) The tax liability of a taxpayer for the purpose of computing the
- 38 credit for a particular year shall be based upon the taxpayer's tax
- 39 liability as is evidenced by the tax duplicate for the taxes payable in
- 40 that year, plus the amount by which the tax payable by the taxpayer had
- 41 been reduced due to the application of county adjusted gross income
- 42 tax revenues to the extent the county adjusted gross income tax

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revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(l)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 35. IC 6-1.1-22-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in IC 6-1.1-7-7, **section 9.5 of this chapter**, and subsection (b), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) A county council may adopt an ordinance to require a person to pay **his the person's** property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(c) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent

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1 taxes.

2 (d) Notwithstanding any other law, a property tax liability of less
3 than five dollars (\$5) is increased to five dollars (\$5). The difference
4 between the actual liability and the five dollar (\$5) amount that appears
5 on the statement is a statement processing charge. The statement
6 processing charge is considered a part of the tax liability.

7 SECTION 36. IC 6-1.1-22-9.5 IS ADDED TO THE INDIANA
8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
9 [EFFECTIVE UPON PASSAGE]: **Sec. 9.5. (a) This section applies**
10 **only to property taxes first due and payable in a year that begins**
11 **after December 31, 2003:**

12 (1) with respect to a homestead (as defined in IC 6-1.1-20.9-1);
13 and
14 (2) that are not payable in one (1) installment under section
15 9(b) of this chapter.

16 (b) At any time before the mailing or transmission of tax
17 statements for a year under section 8 of this chapter, a county may
18 petition the department of local government finance to establish a
19 schedule of installments for the payment of property taxes with
20 respect to:

21 (1) real property that are based on the assessment of the
22 property in the immediately preceding year; or
23 (2) a mobile home or manufactured home that is not assessed
24 as real property that are based on the assessment of the
25 property in the current year.

26 The county fiscal body (as defined in IC 36-1-2-6), the county
27 auditor, and the county treasurer must approve a petition under
28 this subsection.

29 (c) The department of local government finance:

30 (1) may not establish a date for:

31 (A) an installment payment that is earlier than May 10 of
32 the year in which the tax statement is mailed or
33 transmitted;

34 (B) the first installment payment that is later than
35 November 10 of the year in which the tax statement is
36 mailed or transmitted; or

37 (C) the last installment payment that is later than May 10
38 of the year immediately following the year in which the tax
39 statement is mailed or transmitted; and

40 (2) shall:

41 (A) prescribe the form of the petition under subsection (b);

42 (B) determine the information required on the form; and

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(C) notify the county fiscal body, the county auditor, and the county treasurer of the department's determination on the petition not later than twenty (20) days after receiving the petition.

(d) Revenue from property taxes paid under this section in the year immediately following the year in which the tax statement is mailed or transmitted under section 8 of this chapter:

(1) is not considered in the determination of a levy excess under IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7 for the year in which the property taxes are paid; and

(2) may be:

(A) used to repay temporary loans entered into by a political subdivision for; and

(B) expended for any other reason by a political subdivision in the year the revenue is received under an appropriation from;

the year in which the tax statement is mailed or transmitted under section 8 of this chapter.

SECTION 37. IC 6-1.1-22.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 22.5. Provisional Property Tax Statements

Sec. 1. As used in this chapter, "commissioner" refers to the commissioner of the department of local government finance.

Sec. 2. As used in this chapter, "provisional statement" refers to a provisional property tax statement required by section 6 of this chapter.

Sec. 3. As used in this chapter, "property taxes" include special assessments.

Sec. 4. As used in this chapter, "reconciling statement" refers to a reconciling property tax statement required by section 11 of this chapter.

Sec. 5. As used in this chapter, "tax liability" includes liability for special assessments and refers to liability for property taxes after the application of all allowed deductions and credits.

Sec. 6. (a) With respect to property taxes payable under this article on assessments determined for the 2003 assessment date or the assessment date in any later year, the county treasurer may, except as provided by section 7 of this chapter, use a provisional statement under this chapter if the county auditor fails to deliver the abstract for that assessment date to the county treasurer under IC 6-1.1-22-5 before March 16 of the year following the assessment

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1 date.

2 (b) The county treasurer shall give notice of the provisional
3 statement, including disclosure of the method that is to be used in
4 determining the tax liability to be indicated on the provisional
5 statement, by publication one (1) time:

6 (1) in the form prescribed by the department of local
7 government finance; and

8 (2) in the manner described in IC 6-1.1-22-4(b).

9 The notice may be combined with the notice required under section
10 10 of this chapter.

11 Sec. 7. (a) The county auditor of a county or fifty (50) property
12 owners in the county may, not more than five (5) days after the
13 publication of the notice required under section 6 of this chapter,
14 request in writing that the department of local government finance
15 waive the use of a provisional statement under this chapter as to
16 that county for a particular assessment date.

17 (b) Upon receipt of a request under subsection (a), the
18 department of local government finance shall give notice of a
19 hearing concerning the request in the manner provided by
20 IC 5-3-1. The notice must state:

21 (1) the date and time of the hearing;

22 (2) the location of the hearing, which must be in the county;
23 and

24 (3) that the purpose of the hearing is to hear:

25 (A) the request of the county treasurer and county auditor
26 to waive the requirements of this chapter; and

27 (B) taxpayers' comments regarding that request.

28 (c) After the hearing, the department of local government
29 finance may waive the use of a provisional statement under this
30 chapter for a particular assessment date as to the county making
31 the request if the department finds that the petitioners have
32 presented sufficient evidence to establish that although the abstract
33 required by IC 6-1.1-22-5 was not delivered in a timely manner:

34 (1) the abstract;

35 (A) was delivered as of the date of the hearing; or

36 (B) will be delivered not later than a date specified by the
37 county auditor and county treasurer; and

38 (2) sufficient time remains or will remain after the date or
39 anticipated date of delivery of the abstract to:

40 (A) permit the timely preparation and delivery of property
41 tax statements in the manner provided by IC 6-1.1-22; and

42 (B) render the use of a provisional statement under this

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chapter unnecessary.

Sec. 8. A provisional statement must:

- (1) be on a form approved by the state board of accounts;
- (2) except as provided in emergency rules adopted under section 20 of this chapter, indicate tax liability in the amount of ninety percent (90%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued;

(3) indicate:

(A) that the tax liability under the provisional statement is determined as described in subdivision (2); and

(B) that property taxes billed on the provisional statement:

- (i) are due and payable in the same manner as property taxes billed on a tax statement under IC 6-1.1-22-8; and
- (ii) will be credited against a reconciling statement;

(4) include the following statement:

"Under Indiana law, _____ County (insert county) has elected to send provisional statements because the county did not complete the abstract of the property, assessments, taxes, deductions, and exemptions for taxes payable in (insert year) in each taxing district before March 16, (insert year). The statement is due to be paid in installments on May 10 and November 10. The statement is based on ninety percent (90%) of your tax liability for taxes payable in (insert year), subject to adjustment for any new construction on your property. After the abstract of property is complete, you will receive a reconciling statement in the amount of your actual tax liability for taxes payable in (insert year), minus the amount you pay under this provisional statement.";

(5) indicate liability for:

(A) delinquent:

- (i) taxes; and
- (ii) special assessments;

(B) penalties; and

(C) interest;

is allowed to appear on the tax statement under IC 6-1.1-22-8 for the May installment of property taxes in the year in which the provisional tax statement is issued; and

(6) include any other information the county treasurer requires.

Sec. 9. Except as provided in section 12 of this chapter, property taxes billed on a provisional statement are due in two (2) equal

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installments on May 10 and November 10 of the year following the assessment date covered by the provisional statement.

Sec. 10. If a provisional statement is used, the county treasurer shall give not notice of tax rates required under IC 6-1.1-22-4 for the reconciling statement.

Sec. 11. As soon as possible after the receipt of the abstract referred to in section 6 of this chapter, the county treasurer shall:

(1) give the notice required by IC 6-1.1-22-4; and

(2) mail or transmit reconciling statements under section 12 of this chapter.

Sec. 12. (a) Except as provided by subsection (c), each reconciling statement must indicate:

(1) the actual property tax liability under this article on the assessment determined for the assessment date for the property for which the reconciling statement is issued;

(2) the total amount paid under the provisional statement for the property for which the reconciling statement is issued;

(3) if the amount under subdivision (1) exceeds the amount under subdivision (2), that the excess is payable by the taxpayer:

(A) as a final reconciliation of the tax liability; and

(B) not later than:

(i) thirty (30) days after the date of the reconciling statement; or

(ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

(b) If, upon receipt of the abstract referred to in section 6 of this chapter, the county treasurer determines that it is possible to complete the:

(1) preparation; and

(2) mailing or transmittal;

of the reconciling statement at least thirty (30) days before the due date of the November installment specified in the provisional statement, the county treasurer may request in writing that the department of local government finance permit the county treasurer to issue a reconciling statement that adjusts the amount of the November installment that was specified in the provisional statement. If the department approves the county treasurer's

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request, the county treasurer shall prepare and mail or transmit the reconciling statement at least thirty (30) days before the due date of the November installment specified in the provisional statement.

(c) A reconciling statement prepared under subsection (b) must indicate:

(1) the actual property tax liability under this article on the assessment determined for the assessment date for the property for which the reconciling statement is issued;

(2) the total amount of the May installment paid under the provisional statement for the property for which the reconciling statement is issued;

(3) if the amount under subdivision (1) exceeds the amount under subdivision (2), the adjusted amount of the November installment that is payable by the taxpayer:

(A) as a final reconciliation of the tax liability; and

(B) not later than:

(i) November 10; or

(ii) if the county treasurer requests in writing that the commissioner designate a later date, the date designated by the commissioner; and

(4) if the amount under subdivision (2) exceeds the amount under subdivision (1), that the taxpayer may claim a refund of the excess under IC 6-1.1-26.

Sec. 13. Taxpayers shall make all payments under this chapter to the county treasurer. The board of county commissioners may authorize the county treasurer to open temporary offices to receive payments under this chapter in municipalities in the county other than the county seat.

Sec. 14. Not later than fifty-one (51) days after the due date of a provisional or reconciling statement under this chapter, the county auditor shall:

(1) file with the auditor of state a report of settlement; and

(2) distribute tax collections to the appropriate taxing units.

Sec. 15. If a county auditor fails to make a distribution of tax collections under section 14 of this chapter, a taxing unit that was to receive a distribution may recover interest on the undistributed tax collections at the same rate and in the same manner that interest may be recovered under IC 6-1.1-27-1(b).

Sec. 16. IC 6-1.1-15:

(1) does not apply to a provisional statement; and

(2) applies to a reconciling statement.

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1 **Sec. 17. IC 6-1.1-37-10 applies to:**

2 (1) a provisional statement; and

3 (2) a reconciling statement;

4 **in the same manner that IC 6-1.1-37-10 applies to an installment of**
5 **property taxes.**

6 **Sec. 18. For purposes of IC 6-1.1-24-1(a)(1):**

7 (1) the May installment on a provisional statement is
8 considered to be the taxpayer's spring installment of property
9 taxes;

10 (2) except as provided in subdivision (3), payment on a
11 reconciling statement is considered to be due before the due
12 date of the May installment of property taxes payable in the
13 following year; and

14 (3) payment on a reconciling statement described in section
15 12(b) of this chapter is considered to be the taxpayer's fall
16 installment of property taxes.

17 **Sec. 19. The other provisions of this article supplement the**
18 **provisions of this chapter concerning the collection of property**
19 **taxes.**

20 **Sec. 20. For purposes of a provisional statement under this**
21 **chapter, the department of local government finance may adopt**
22 **emergency rules under IC 4-22-2-37.1 to provide a methodology**
23 **for a county treasurer to issue provisional statements with respect**
24 **to real property, taking into account new construction of**
25 **improvements placed on the real property, damage, and other**
26 **losses related to the real property:**

27 (1) after March 1 of the year preceding the assessment date to
28 which the provisional statement applies; and

29 (2) before the assessment date to which the provisional
30 statement applies.

31 **SECTION 38. IC 6-1.1-31-3, AS AMENDED BY P.L.90-2002,**
32 **SECTION 219, IS AMENDED TO READ AS FOLLOWS**
33 **[EFFECTIVE UPON PASSAGE]: Sec. 3. In the preparation of rules,**
34 **regulations, property tax forms, and property tax returns, the**
35 **department of local government finance may consider:**

36 (1) data compiled by the federal government;

37 (2) data compiled by this state and its taxing authorities;

38 (3) data compiled and studies made by a state college or
39 university;

40 (4) generally accepted practices of appraisers, including generally
41 accepted property assessment valuation and mass appraisal
42 principles and practices;

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- 1 (5) generally accepted indices of construction costs;
 2 (6) for assessment dates after February 28, 2001, generally
 3 accepted indices of income accruing from real property;
 4 **(7) sales data compiled for generally comparable properties;**
 5 and
 6 ~~(7)~~ **(8)** any other information which is available to the department
 7 of local government finance.

8 SECTION 39. IC 6-1.1-31-5, AS AMENDED BY P.L.90-2002,
 9 SECTION 221, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) **Subject to this article,**
 11 the rules ~~promulgated~~ **adopted** by the department of local government
 12 finance are the basis for determining the true tax value of tangible
 13 property.

14 (b) Local assessing officials, members of the county property tax
 15 assessment board of appeals, and county assessors shall:

- 16 (1) comply with the rules, appraisal manuals, bulletins, and
 17 directives adopted by the department of local government finance;
 18 (2) use the property tax forms, property tax returns, and notice
 19 forms prescribed by the department; and
 20 (3) collect and record the data required by the department.

21 (c) In assessing tangible property, the township assessors, members
 22 of the county property tax assessment board of appeals, and county
 23 assessors may consider factors in addition to those prescribed by the
 24 department of local government finance if the use of the additional
 25 factors is first approved by the department. Each township assessor, of
 26 the county property tax assessment board of appeals, and the county
 27 assessor shall indicate on his records for each individual assessment
 28 whether:

- 29 (1) only the factors contained in the department's rules, forms, and
 30 returns have been considered; or
 31 (2) factors in addition to those contained in the department's rules,
 32 forms, and returns have been considered.

33 SECTION 40. IC 6-1.1-31-6, AS AMENDED BY P.L.90-2002,
 34 SECTION 222, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) With respect to the
 36 assessment of real property, the rules of the department of local
 37 government finance shall provide for:

- 38 (1) the classification of land on the basis of:
 39 (i) acreage;
 40 (ii) lots;
 41 (iii) size;
 42 (iv) location;

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- (v) use;
- (vi) productivity or earning capacity;
- (vii) applicable zoning provisions;
- (viii) accessibility to highways, sewers, and other public services or facilities; and
- (ix) any other factor that the department determines by rule is just and proper; and
- (2) the classification of improvements on the basis of:
 - (i) size;
 - (ii) location;
 - (iii) use;
 - (iv) type and character of construction;
 - (v) age;
 - (vi) condition;
 - (vii) cost of reproduction; and
 - (viii) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- (4) the depreciation, including physical deterioration and obsolescence, of real property;
- (5) the cost of reproducing improvements;
- (6) the productivity or earning capacity of:

(A) agricultural land; and

(B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(7) sales data for generally comparable properties; and

~~(7)~~ **(8) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.**

(c) With respect to the assessment of real property, true tax value does not mean fair market value. **Subject to this article**, true tax value is the value determined under the rules of the department of local government finance.

SECTION 41. IC 6-1.1-31-7, AS AMENDED BY P.L.90-2002, SECTION 223, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE UPON PASSAGE]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government finance shall provide for the classification of personal property on the basis of:

- (1) date of purchase;
- (2) location;
- (3) use;
- (4) depreciation, obsolescence, and condition; and
- (5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the value of personal property;
- (3) the cost of reproducing personal property;
- (4) the depreciation, including physical deterioration and obsolescence, of personal property;
- (5) the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;**
- (6) sales data for generally comparable mobile homes; and**
- ~~(5)~~ **(7) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.**

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the department of local government finance shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(d) With respect to the assessment of personal property, true tax value does not mean fair market value. **Subject to this article**, true tax value is the value determined under rules of the department of local government finance.

SECTION 42. IC 6-1.1-35-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.1. **(a)** Each county assessor and each elected assessor ~~must be a certified who has not attained the certification of a "level two" assessor-appraiser under IC 6-1.1-35.5~~ **or must** employ at least one (1) certified "level two" assessor-appraiser.

(b) Each elected county assessor, township assessor, or elected trustee-assessor ~~is expected to~~ **must:**

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- (1) attain the certification of a "level one" assessor-appraiser within one (1) year after taking office; and
 (2) attain the certification of a "level two" assessor-appraiser within two (2) years after taking office.

An assessor or trustee-assessor who does not comply with this subsection forfeits the assessor's or trustee-assessor's office.

(c) A county assessor, township assessor, or trustee-assessor appointed to fill a vacancy resulting from a forfeiture of office under subsection (b) is subject to the requirements of subsection (b).

SECTION 43. IC 6-1.1-35.5-1, AS AMENDED BY P.L.90-2002, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 1. The department of local government finance shall conduct an assessor-appraiser examination and certification program. **The department shall design and implement the program in a manner that maximizes the number of certified assessor-appraisers involved in the assessment process.**

SECTION 44. IC 6-1.1-35.5-4, AS AMENDED BY P.L.90-2002, SECTION 255, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 4. (a) The level one examination shall be given in July, and the level two examination shall be given in August. Both level examinations also shall be offered annually immediately following the conference of the department of local government finance and at any other times that coordinate with training sessions conducted under IC 6-1.1-35.2-2. The department of local government finance may also give either or both examinations at other times throughout the year.

(b) Examinations shall be held each year, at the times prescribed in subsection (a), in Indianapolis and at not less than four (4) other convenient locations chosen by the department of local government finance.

(c) The department of local government finance may not limit the number of individuals who take the examination and shall provide an opportunity for all enrollees at each session to take the examination at that session.

(d) The department of local government finance shall:

- (1) give both the level one examination and the level two examination in an open book format; and**
(2) design both examinations to approximate the work an assessing official is required to perform, including the use of appropriate computer applications.

SECTION 45. IC 6-1.1-37-9, AS AMENDED BY P.L.198-2001,

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SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]: Sec. 9. (a) This section applies when:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were originally due;

(2) the assessment upon which a taxpayer has been paying taxes under IC 6-1.1-15-10(a)(1) or (a)(2) while a petition for review or a judicial proceeding has been pending is less than the assessment that results from the final determination of the petition for review or judicial proceeding; or

(3) the collection of certain ad valorem property taxes has been stayed under IC 4-21.5-5-9, and under the final determination of the petition for judicial review the taxpayer is liable for at least part of those taxes.

(b) Except as provided in subsections (c) and (g), a taxpayer shall pay interest on the taxes the taxpayer is required to pay as a result of an action or a determination described in subsection (a) at the rate of ten percent (10%) per year from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(c) Except as provided in subsection (g), a taxpayer shall pay interest on the taxes the taxpayer is ultimately required to pay in excess of the amount that the taxpayer is required to pay under IC 6-1.1-15-10(a)(1) while a petition for review or a judicial proceeding has been pending at the overpayment rate established under Section 6621(c)(1) of the Internal Revenue Code in effect on the original due date or dates for those taxes from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(d) With respect to an action or determination described in subsection (a), the taxpayer shall pay the taxes resulting from that action or determination and the interest prescribed under subsection (b) or (c) on or before:

(1) the next May 10; or

(2) the next November 10;

whichever occurs first.

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(e) A taxpayer shall, **to the extent that the penalty is not waived under section 10.5 of this chapter**, begin paying the penalty prescribed in section 10 of this chapter on the day after the date for payment prescribed in subsection (d) if:

(1) the taxpayer has not paid the amount of taxes resulting from the action or determination; and

(2) the taxpayer either:

(A) received notice of the taxes the taxpayer is required to pay as a result of the action or determination at least thirty (30) days before the date for payment; or

(B) voluntarily signed and filed an assessment return for the taxes.

(f) If subsection (e) does not apply, a taxpayer who has not paid the amount of taxes resulting from the action or determination shall, **to the extent that the penalty is not waived under section 10.5 of this chapter**, begin paying the penalty prescribed in section 10 of this chapter on:

(1) the next May 10 which follows the date for payment prescribed in subsection (d); or

(2) the next November 10 which follows the date for payment prescribed in subsection (d);

whichever occurs first.

(g) A taxpayer is not subject to the payment of interest on real property assessments under subsection (b) or (c) if:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were due;

(2) the assessment or the assessment increase is made as the result of error or neglect by the assessor or by any other official involved with the assessment of property or the collection of property taxes; and

(3) the assessment:

(A) would have been made on the normal assessment date if the error or neglect had not occurred; or

(B) increase would have been included in the assessment on the normal annual assessment date if the error or neglect had not occurred.

SECTION 46. IC 6-1.1-37-10, AS AMENDED BY P.L.90-2002, SECTION 262, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) **Except as provided in section 10.5 of this chapter**, if an installment of property taxes is not completely paid on or before the due date, a penalty equal to ten

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percent (10%) of the amount of delinquent taxes shall be added to the unpaid portion in the year of the initial delinquency.

(b) With respect to property taxes due in two (2) equal installments under IC 6-1.1-22-9(a), on the day immediately following the due dates in May and November of each year following the year of the initial delinquency, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added. With respect to property taxes due in installments under IC 6-1.1-22-9.5, an additional penalty equal to ten percent (10%) of any taxes remaining unpaid shall be added on the day immediately following each date that succeeds the last installment due date by:

(1) six (6) months; or

(2) a multiple of six (6) months.

(c) ~~These~~ The penalties under subsection (b) are imposed only on the principal amount of the delinquent taxes. ~~However,~~

(d) If the department of local government finance determines that an emergency has occurred which precludes the mailing of the tax statement in any county at the time set forth in IC 6-1.1-22-8, the department shall establish by order a new date on which the installment of taxes in that county is due and no installment is delinquent if paid by the date so established.

~~(b)~~ (e) If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the act that must be performed by that date is timely if performed by the next succeeding day that is not a Saturday, a Sunday, or one (1) of those holidays.

~~(c)~~ (f) A payment to the county treasurer is considered to have been paid by the due date if the payment is:

(1) received on or before the due date to the county treasurer or a collecting agent appointed by the county treasurer;

(2) deposited in the United States mail:

(A) properly addressed to the principal office of the county treasurer;

(B) with sufficient postage; and

(C) certified or postmarked by the United States Postal Service as mailed on or before the due date; or

(3) deposited with a nationally recognized express parcel carrier and is:

(A) properly addressed to the principal office of the county treasurer; and

(B) verified by the express parcel carrier as:

(i) paid in full for final delivery; and

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(ii) received on or before the due date.

For purposes of this subsection, "postmarked" does not mean the date printed by a postage meter that affixes postage to the envelope or package containing a payment.

SECTION 47. IC 6-1.1-37-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10.5. (a) This section applies only to property taxes first due and payable in 2004 with respect to a homestead (as defined in IC 6-1.1-20.9-1).**

(b) A county may petition the department of local government finance to waive all or part of the penalty imposed under section 10(a) of this chapter. The county fiscal body (as defined in IC 36-1-2-6), the county auditor, and the county treasurer must approve a petition under this subsection.

(c) The department of local government finance shall:

- (1) prescribe the form of the petition under subsection (b);**
- (2) determine the information required on the form; and**
- (3) notify the county fiscal body, the county auditor, and the county treasurer of the department's determination on the petition not later than thirty (30) days after receipt of the petition.**

SECTION 48. IC 6-1.1-39-6, AS AMENDED BY P.L.192-2002(SS), SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c) and except as provided in subsection (f), each taxpayer in an additional area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. Except as provided in subsection (f), one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:**

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

STEP TWO: Divide:

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(A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an additional area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be combined on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for taxes (as defined in IC 6-1.1-21-2) first due and payable in any year following the year in which the ordinance is adopted.

(e) An ordinance adopted under subsection (c) remains in effect

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until the ordinance is rescinded by the body that originally adopted the ordinance. However, an ordinance may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If an ordinance is rescinded and no other ordinance is adopted, the additional credit described in subsection (a) applies to taxes (as defined in IC 6-1.1-21-2) first due and payable in each year following the year in which the resolution is rescinded.

(f) This subsection applies to an additional area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an additional area is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 49. IC 6-3-1-3.5, AS AMENDED BY P.L.105-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).
- (4) Subtract one thousand dollars (\$1,000) for:
 - (A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

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(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint

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returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, ~~IC 12-10-6-2~~, **IC 12-10-6-2.1**, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) **for a taxable year:**

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus

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depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the

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company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim

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of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 50. IC 8-22-3.5-10, AS AMENDED BY P.L.192-2002(ss), SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except in a county described in section 1(5) of this chapter **and except as provided in subsection (d)**, if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in May and November of that year. **Except as provided in subsection (d)**, one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under

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IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through
IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's eligible property tax replacement
amount (as defined in IC 6-1.1-21-2) for that year as
determined under IC 6-1.1-21-4 that is attributable to the
taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in
IC 6-1.1-21-2) levied in the taxing district that would have
been allocated to the special funds under section 9 of this
chapter had the additional credit described in this section not
been given.

The additional credit reduces the amount of proceeds allocated and
paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing
district that contains all or part of an airport development zone;
and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax
statement or any corrected tax statement to each taxpayer, as required
by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement
also deliver to each taxpayer in an airport development zone who is
entitled to the additional credit under subsection (a) a notice of
additional credit. The actual dollar amount of the credit, the taxpayer's
name and address, and the tax statement to which the credit applies
shall be stated on the notice.

**(d) This subsection applies to an airport development zone only
to the extent that the net assessed value of property that is assessed
as residential property under the rules of the department of local
government finance is not included in the base assessed value. If
property tax installments with respect to a homestead (as defined
in IC 6-1.1-20.9-1) are due in installments established by the
department of local government finance under IC 6-1.1-22-9.5,
each taxpayer subject to those installments in an airport
development zone is entitled to an additional credit under
subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in
installments. The credit shall be applied in the same proportion to
each installment of taxes (as defined in IC 6-1.1-21-2).**

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SECTION 51. IC 12-13-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. For taxes first due and payable in each year after ~~1990~~, **2003**, each county shall impose a medical assistance property tax levy equal to the product of:

(1) the medical assistance property tax levy imposed for taxes first due and payable in the preceding year, ~~as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year;~~ multiplied by

(2) the statewide average assessed value growth quotient, using all the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for the year in which the tax levy under this section will be first due and payable.

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

SECTION 52. IC 12-19-7-4, AS AMENDED BY P.L.90-2002, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) For taxes first due and payable in ~~1995~~, each county must impose a county family and children property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money), as determined by the state board of accounts, in ~~1991, 1992, and 1993~~ for the following:

(A) Payments for administrative expenses of the county office of family and children in administering the provision of child services.

(B) Payments for the services described in section ~~1~~ of this chapter that were made on behalf of the children described in section ~~1~~ of this chapter and for which payment was made from the county welfare fund.

(C) Payment for the facilities, supplies, and equipment needed for the provision of child services as operated by the county office of family and children.

(D) Payment of all other expenses incurred in providing child services that were paid by the county office of family and

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1 children.

2 STEP TWO: Subtract from the amount determined in STEP ONE

3 the sum of the miscellaneous taxes that were allocated to:

4 (A) the county welfare administration fund and used to pay

5 expenses for administration, facilities, supplies, and equipment

6 for the provision of child services in 1991, 1992, and 1993;

7 and

8 (B) the county welfare fund; the county general fund; or the

9 county welfare loan fund (whichever of the funds applies) and

10 used to pay the costs of providing child services in 1991, 1992,

11 and 1993.

12 STEP THREE: Divide the amount determined in STEP TWO by

13 three (3).

14 STEP FOUR: Calculate the STEP ONE amount and the STEP

15 TWO amount for 1993 expenses only.

16 STEP FIVE: Adjust the amounts determined in STEP THREE and

17 STEP FOUR by the amount determined by the department of

18 local government finance under subsection (c).

19 STEP SIX: Determine whether the amount calculated in STEP

20 THREE, as adjusted in STEP FIVE, or the amount calculated in

21 STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the

22 greater amount by the greater of:

23 (A) the assessed value growth quotient determined under

24 IC 6-1.1-18.5-2 for the county for property taxes first due and

25 payable in 1995; or

26 (B) the statewide average assessed value growth quotient

27 using the county assessed value growth quotients determined

28 under IC 6-1.1-18.5-2 for property taxes first due and payable

29 in 1995.

30 STEP SEVEN: Multiply the amount determined in STEP SIX by

31 the county's assessed value growth quotient for property taxes first

32 due and payable in 1995, as determined under IC 6-1.1-18.5-2.

33 ~~(b)~~ (a) For taxes first due and payable in each year after 1995, 2003,

34 each county shall impose a county family and children property tax

35 levy equal to the product of:

36 (1) the county family and children property tax levy imposed for

37 taxes first due and payable in the preceding year, as that levy was

38 determined by the department of local government finance in

39 fixing the civil taxing unit's budget, levy, and rate for that

40 preceding calendar year under IC 6-1.1-17 and after

41 eliminating the effects of temporary excessive levy appeals

42 and any other temporary adjustments made to the levy for the

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1 **calendar year**; multiplied by

2 (2) the greater of:

3 (A) the county's assessed value growth quotient for the ensuing
4 calendar year, as determined under IC 6-1.1-18.5-2; or

5 (B) one (1).

6 When a year in which a statewide general reassessment of real property
7 first becomes effective is the year preceding the year that the property
8 tax levy under this subsection will be first due and payable, the amount
9 to be used in subdivision (2) equals the average of the amounts used in
10 determining the two (2) most recent adjustments in the county's levy
11 under this section. **If the amount levied in a particular year exceeds
12 the amount necessary to cover the costs payable from the fund, the
13 levy in the following year shall be reduced by the amount of
14 surplus money.**

15 (c) For taxes first due and payable in 1995 and in 1996, the
16 department of local government finance shall adjust the levy for each
17 county to reflect the county's actual child services expenses incurred in
18 providing child services in 1991, 1992, and 1993. In making this
19 adjustment, the department of local government finance may consider
20 all relevant information, including the county's use of bond and loan
21 proceeds to pay these expenses.

22 (d) (b) The department of local government finance shall review
23 each county's property tax levy under this section and shall enforce the
24 requirements of this section with respect to that levy.

25 SECTION 53. IC 12-19-7.5-6, AS ADDED BY P.L.224-2003,
26 SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 UPON PASSAGE]: Sec. 6. (a) For taxes first due and payable in 2004,
28 each county must impose a county children's psychiatric residential
29 services property tax levy equal to the amount determined using the
30 following formula:

31 STEP ONE: Determine the sum of the amounts that were paid by
32 the county minus the amounts reimbursed by the state (including
33 reimbursements made with federal money), as determined by the
34 state board of accounts in 2000, 2001, and 2002 for payments to
35 facilities licensed under 470 IAC 3-13 for services that were made
36 on behalf of the children and for which payment was made from
37 the county family and children fund, or five percent (5%) of the
38 average family and children budget, as determined by the
39 department of local government finance in 2000, 2001, and 2002,
40 whichever is greater.

41 STEP TWO: Subtract from the amount determined in STEP ONE
42 the sum of the miscellaneous taxes that were allocated to the

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county family and children fund and used to pay the costs for providing services in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002.

STEP THREE: Divide the amount determined in STEP TWO by three (3).

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 2002 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the department of local government finance under subsection (c).

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 2003.

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 2004, as determined under IC 6-1.1-18.5-2.

(b) For taxes first due and payable in each year after 2004, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the product of:

(1) the county children's psychiatric residential treatment services property tax levy imposed for taxes first due and payable in the preceding year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year;** multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. **If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of**

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1 **surplus money.**

2 (c) For taxes first due and payable in 2004, the department of local
3 government finance shall adjust the levy for each county to reflect the
4 county's actual expenses incurred in providing services to children in
5 facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002. In
6 making this adjustment, the department of local government finance
7 may consider all relevant information, including the county's use of
8 bond and loan proceeds to pay these expenses.

9 (d) The department of local government finance shall review each
10 county's property tax levy under this section and shall enforce the
11 requirements of this section with respect to that levy.

12 SECTION 54. IC 12-29-2-2, AS AMENDED BY P.L.170-2002,
13 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 UPON PASSAGE]: Sec. 2. (a) Subject to ~~subsection~~ **subsections (b),**
15 **(c), and (d),** a county shall fund the operation of community mental
16 health centers in an amount not less than the amount that would be
17 raised by an annual tax rate of one and thirty-three hundredths cents
18 (\$0.0133) on each one hundred dollars (\$100) of taxable property
19 within the county, unless a lower tax rate will be adequate to fulfill the
20 county's financial obligations under this chapter in any of the following
21 situations:

22 (1) If the total population of the county is served by one (1)
23 center.

24 (2) If the total population of the county is served by more than one
25 (1) center.

26 (3) If the partial population of the county is served by one (1)
27 center.

28 (4) If the partial population of the county is served by more than
29 one (1) center.

30 (b) This subsection applies only to a property tax that is imposed in
31 a county containing a consolidated city. The tax rate permitted under
32 subsection (a) for taxes first due and payable after ~~calendar year~~ 1995
33 is the tax rate permitted under subsection (a) as adjusted under this
34 subsection. For each year in which **an annual adjustment of the**
35 **assessed value of real property will take effect under IC 6-1.1-4-4.5**
36 **or** a general reassessment of property will take effect, the department
37 of local government finance shall compute the maximum rate permitted
38 under subsection (a) as follows:

39 STEP ONE: Determine the maximum rate for the year preceding
40 the year in which the **annual adjustment or** general reassessment
41 takes effect.

42 STEP TWO: Determine the actual percentage increase (rounded

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to the nearest one-hundredth percent (**0.01%**)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the year preceding the year the **annual adjustment or** general reassessment takes effect to the year that the **annual adjustment or** general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (**0.01%**)) in the assessed value (**before the adjustment, if any, under IC 6-1.1-4-4.5**) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of:

(A) the STEP ONE tax rate; divided by

(B) one (1) plus the STEP SIX percentage increase.

This maximum rate is the maximum rate under this section until a new maximum rate is computed under this subsection for the next year in which **an annual adjustment under IC 6-1.1-4-4.5 or** a general reassessment of property will take effect.

(c) With respect to a county to which subsection (b) does not apply, the maximum tax rate permitted under subsection (a) for taxes first due and payable in calendar year 2004 and calendar year 2005 is the maximum tax rate that would have been determined under subsection (d) for taxes first due and payable in 2003 if subsection (d) had applied to the county for taxes first due and payable in 2003.

(d) This subsection applies only to a county to which subsection (b) does not apply. The tax rate permitted under subsection (a) for taxes first due and payable after calendar year 2005 is the tax rate permitted under subsection (c) as adjusted under this subsection. For each year in which an annual adjustment of the assessed value of real property will take effect under IC 6-1.1-4-4.5 or a general reassessment of property will take effect, the department of local government finance shall compute the maximum rate permitted

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under subsection (a) as follows:

STEP ONE: Determine the maximum rate for the year preceding the year in which the annual adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the annual adjustment or general reassessment takes effect to the year that the annual adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined under STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed under STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of:

(A) the STEP ONE tax rate; divided by

(B) one (1) plus the STEP SIX percentage increase.

This maximum rate is the maximum rate under this section until a new maximum rate is computed under this subsection for the next year in which an annual adjustment under IC 6-1.1-4-4.5 or a general reassessment of property will take effect.

SECTION 55. IC 12-29-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The maximum appropriation determined under section 3 or 4 of this chapter represents the county's absolute proportional share of each center's total operating budget.

(b) If the proportional share is less than the ~~four cent (\$0.04)~~ requirement in amount of property taxes raised under the tax rate required under section 2 of this chapter, the county shall appropriate

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only the maximum appropriation amount.

(c) If the proportional share is more than the four cent (\$0.04) requirement in amount of property taxes raised under the tax rate required under section 2 of this chapter, the county:

(1) shall satisfy the four cent (\$0.04) equivalent appropriation appropriate that amount; and

(2) may appropriate an additional amount in excess of the four cent (\$0.04) equivalent appropriation up to an amount added to the four cent (\$0.04) equivalent appropriation that would equal a ten cent (\$0.10) equivalent appropriation: the amount of property taxes raised by a tax rate of three and one-third cents (\$0.03 1/3).

SECTION 56. IC 16-35-3-3, AS AMENDED BY P.L.90-2002, SECTION 401, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) For taxes first due and payable in 1992, each county must impose a children with special health care needs property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money); as determined by the state board of accounts, in 1988, 1989, and 1990 for the following:

(A) Payments for administrative expenses of the county office of family and children in the administration of the children with special health care needs program:

(B) Payment for the facilities, supplies, and equipment needed for the children with special health care needs program as operated by the county office of family and children:

(C) Payment of all other expenses under the children with special health care needs program that were paid by the county office of family and children:

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:

(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the children with special health care needs program in 1988, 1989, and 1990; and

(B) the county welfare fund and used to pay all other costs of the children with special health care needs program in 1988, 1989, and 1990:

STEP THREE: Divide the amount determined in STEP TWO by

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three (3):

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1990 expenses only:

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the state board of tax commissioners under subsection (c):

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:

(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1992; or

(B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1992:

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 1992, as determined under IC 6-1.1-18.5-2:

(b) (a) For taxes first due and payable in each year after 1992, 2003, each county shall impose a children with special health care needs property tax levy equal to the product of:

(1) the children with special health care needs property tax levy imposed for taxes first due and payable in the preceding year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year;** multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. **If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the**

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levy in the following year shall be reduced by the amount of surplus money.

(c) For taxes first due and payable in 1992 and in 1993, the state board of tax commissioners shall adjust the levy for each county to reflect the county's actual welfare expenses for administration, facilities, supplies, equipment, and all other costs for the children with special health care needs program in 1988, 1989, and 1990. In making this adjustment, the state board of tax commissioners may consider all relevant information. This includes the county's use of bond and loan proceeds to pay these expenses.

(d) (b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 57. IC 20-5.5-7-3, AS AMENDED BY P.L.276-2003, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after May 31, the organizer shall submit to the department the following information on a form prescribed by the department:

- (1) The number of students enrolled in the charter school.
- (2) The name and address of each student.
- (3) The name of the school corporation in which the student has legal settlement.
- (4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.
- (5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute to the organizer the amount determined under IC 21-3-1.7 for the charter school. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution under IC 21-3-1.7.

(c) The department shall provide to the department of local government finance the following information:

- (1) For each county, the number of students who:
 - (A) have legal settlement in the county; and
 - (B) attend a charter school.
- (2) The school corporation in which each student described in subdivision (1) has legal settlement.

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(3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.

(4) The amount determined under ~~IC 6-1.1-19-1.5(g)~~ **IC 6-1.1-19-1.5(f)** STEP EIGHT for 2004 and IC 6-1.1-19-1.5(b) STEP SIX for 2005 for each school corporation described in subdivision (2).

(5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the amount determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for a charter school described in subdivision (3); multiplied by

(B) thirty-five hundredths (0.35).

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the current ADM of a charter school described in subdivision (3).

(6) The amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students described in subdivision (1) who:

(A) attend the same charter school; and

(B) have legal settlement in the same school corporation located in the county.

STEP TWO: Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A).

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

SECTION 58. IC 21-1-3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. The common school fund and the permanent endowment fund which is, at any time, in the custody of the treasurer of state, and subject to the management and control of the state board of finance, except as hereinafter provided, shall be invested ~~as follows:~~ **in:**

(1) ~~in~~ bonds, notes, certificates and other valid obligations of the United States;

(2) ~~in~~ bonds, notes, debentures and other securities issued by any federal instrumentality and fully guaranteed by the United States;

(3) ~~in~~ bonds, notes, certificates and other valid obligations of any state of the United States or of any county, township, city, town or other political subdivision of the state of Indiana which are

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1 issued pursuant to law, the issuers of which, for five (5) years
 2 prior to the date of such investment, have promptly paid the
 3 principal and interest on their bonds and other legal obligations
 4 in lawful money of the United States; **or**

5 **(4) bonds, notes, or other securities issued by the Indiana**
 6 **bond bank and described in IC 5-13-10.5-11(3).**

7 When it shall occur in any county of this state not having elected to
 8 surrender custody of any part of the common and permanent
 9 endowment funds to the state, that there is an insufficient amount of
 10 said funds held in trust in such county and unloaned, when added to the
 11 amount of congressional fund then held in trust and unloaned, as shown
 12 by a report of the auditor and treasurer of the county, to make all loans
 13 for which the county auditor has applications, upon petition of the
 14 board of commissioners of any such county, the state board of finance
 15 may allocate to the county making application therefor such amount as
 16 the said state board of finance may deem necessary.

17 SECTION 59. IC 21-2-11.5-3, AS AMENDED BY
 18 P.L.192-2002(ss), SECTION 162, IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to
 20 subsection (b), each school corporation may levy for the calendar year
 21 a property tax for the school transportation fund sufficient to pay all
 22 operating costs attributable to transportation that:

23 (1) are not paid from other revenues available to the fund as
 24 specified in section 4 of this chapter; and

25 (2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

26 (b) For each year after ~~2002~~, **2003**, the levy for the fund may not
 27 exceed the levy for the previous year, **as that levy was determined by**
 28 **the department of local government finance in fixing the civil**
 29 **taxing unit's budget, levy, and rate for that preceding calendar**
 30 **year under IC 6-1.1-17 and after eliminating the effects of**
 31 **temporary excessive levy appeals and any other temporary**
 32 **adjustments made to the levy for the calendar year**, multiplied by
 33 the assessed value growth quotient determined under STEP FOUR of
 34 the following formula:

35 STEP ONE: For each of the six (6) calendar years immediately
 36 preceding the year in which a budget is adopted under
 37 IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing
 38 calendar year, divide the Indiana nonfarm personal income for the
 39 calendar year by the Indiana nonfarm personal income for the
 40 calendar year immediately preceding that calendar year, rounding
 41 to the nearest one-thousandth (0.001).

42 STEP TWO: Determine the sum of the STEP ONE results.

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1 STEP THREE: Divide the STEP TWO result by six (6), rounding
2 to the nearest one-thousandth (0.001).

3 STEP FOUR: Determine the lesser of the following:

4 (A) The STEP THREE quotient.

5 (B) One and six-hundredths (1.06).

6 **If the amount levied in a particular year exceeds the amount**
7 **necessary to cover the costs payable from the fund, the levy in the**
8 **following year shall be reduced by the amount of surplus money.**

9 (c) Each school corporation may levy for the calendar year a tax for
10 the school bus replacement fund in accordance with the school bus
11 acquisition plan adopted under section 3.1 of this chapter.

12 (d) The tax rate and levy for each fund shall be established as a part
13 of the annual budget for the calendar year in accord with IC 6-1.1-17.

14 SECTION 60. IC 21-3-1.7-6.8, AS AMENDED BY P.L.276-2003,
15 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]: Sec. 6.8. (a) This section does not apply to a
17 charter school.

18 (b) This subsection does not apply after December 31, 2003. A
19 school corporation's target general fund property tax rate for purposes
20 of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the
21 following formula:

22 STEP ONE: This STEP applies only if the amount determined in
23 STEP FIVE of the formula in section 6.7(d) of this chapter minus
24 the result determined in STEP ONE of the formula in section
25 6.7(d) of this chapter is greater than zero (0). Determine the result
26 under clause (E) of the following formula:

27 (A) Divide the school corporation's 2002 assessed valuation by
28 the school corporation's current ADM.

29 (B) Divide the clause (A) result by ten thousand (10,000).

30 (C) Determine the greater of the following:

31 (i) The clause (B) result.

32 (ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars
33 and seventy-five cents (\$39.75) in 2003.

34 (D) Determine the result determined under item (ii) of the
35 following formula:

36 (i) Subtract the result determined in STEP ONE of the
37 formula in section 6.7(d) of this chapter from the amount
38 determined in STEP FIVE of the formula in section 6.7(d)
39 of this chapter.

40 (ii) Divide the item (i) result by the school corporation's
41 current ADM.

42 (E) Divide the clause (D) result by the clause (C) result.

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(F) Divide the clause (E) result by one hundred (100).
 STEP TWO: This STEP applies only if the amount determined in
 STEP FIVE of the formula in section 6.7(d) of this chapter is
 equal to STEP ONE of the formula in section 6.7(d) of this
 chapter and the result of clause (A) is greater than zero (0).
 Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to
 impacted areas from the year preceding the ensuing calendar
 year by three (3) years to the year preceding the ensuing
 calendar year by two (2) years.

(ii) The portion of the maximum general fund levy for the
 year that equals the original amount of the levy imposed by
 the school corporation to cover the costs of opening a new
 school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's
 current ADM.

(C) Divide the school corporation's 2002 assessed valuation by
 the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars
 and seventy-five cents (\$39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of:

(A) ninety-one and eight-tenths cents (\$0.918) in 2002; and

(B) ninety-five and eight-tenths cents (\$0.958) in 2003; and

if applicable, the STEP ONE or STEP TWO result.

(c) This subsection applies to calendar years beginning after
 December 31, 2004. A school corporation's target general fund
 property tax rate for purposes of IC 6-1.1-19-1.5 is the result
 determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount determined for the school
 corporation in STEP ONE of the formula in section 6.7(e) of this
 chapter.

STEP TWO: This STEP applies only if the amount determined in
 STEP EIGHT of the formula in section 6.7(e) of this chapter
 minus the STEP ONE result is greater than zero (0). Determine
 the result under clause (E) of the following formula:

(A) Divide the school corporation's assessed valuation by the

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- 1 school corporation's current ADM.
- 2 (B) Divide the clause (A) result by ten thousand (10,000).
- 3 (C) Determine the greater of the following:
- 4 (i) The clause (B) result.
- 5 (ii) Forty-three dollars and sixty-five cents (\$43.65).
- 6 (D) Determine the result determined under item (ii) of the
- 7 following formula:
- 8 (i) Subtract the STEP ONE result from the amount
- 9 determined in STEP EIGHT of the formula in section 6.7(e)
- 10 of this chapter.
- 11 (ii) Divide the item (i) result by the school corporation's
- 12 current ADM.
- 13 (E) Divide the clause (D) result by the clause (C) result.
- 14 (F) Divide the clause (E) result by one hundred (100).
- 15 STEP THREE: This STEP applies only if the amount determined
- 16 in STEP EIGHT of the formula in section 6.7(e) of this chapter is
- 17 equal to the STEP ONE result and the result of clause (A) is
- 18 greater than zero (0). Determine the result under clause (G) of the
- 19 following formula:
- 20 (A) Add the following:
- 21 (i) An amount equal to the annual decrease in federal aid to
- 22 impacted areas from the year preceding the ensuing calendar
- 23 year by three (3) years to the year preceding the ensuing
- 24 calendar year by two (2) years.
- 25 (ii) The part of the maximum general fund levy for the year
- 26 that equals the original amount of the levy imposed by the
- 27 school corporation to cover the costs of opening a new
- 28 school facility during the preceding year.
- 29 (B) Divide the clause (A) result by the school corporation's
- 30 current ADM.
- 31 (C) Divide the school corporation's assessed valuation by the
- 32 school corporation's current ADM.
- 33 (D) Divide the clause (C) result by ten thousand (10,000).
- 34 (E) Determine the greater of the following:
- 35 (i) The clause (D) result.
- 36 (ii) Forty-three dollars and sixty-five cents (\$43.65).
- 37 (F) Divide the clause (B) result by the clause (E) amount.
- 38 (G) Divide the clause (F) result by one hundred (100).
- 39 STEP FOUR: Determine the sum of sixty-three and seven-tenths
- 40 cents (\$0.637) and, if applicable, the STEP TWO or STEP
- 41 THREE result.
- 42 ~~(c)~~ (d) For the calendar year beginning January 1, 2004, and ending

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December 31, 2004, a school corporation's general fund ad valorem property tax levy is determined under ~~IC 6-1.1-19-1.5(g)~~. **IC 6-1.1-19-1.5(f).**

SECTION 61. IC 36-2-15-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A county assessor shall be elected under IC 3-10-2-13 by the voters of the county.

(b) To be eligible to serve as an assessor, a person must meet the qualifications prescribed by IC 3-8-1-23 **and IC 6-1.1-35-1.1.**

(c) A county assessor must reside within the county as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The assessor forfeits office if the assessor ceases to be a resident of the county **or fails to comply with IC 6-1.1-35-1.1.**

(d) The term of office of a county assessor is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified.

SECTION 62. IC 36-6-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A township trustee shall be elected under IC 3-10-2-13 by the voters of each township. The trustee is the township executive.

(b) The township trustee must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The trustee forfeits office if the trustee:

(1) ceases to be a resident of the township; **or**

(2) **serves as township assessor under IC 36-6-5-2 and fails to comply with IC 6-1.1-35-1.1.**

(c) The term of office of a township trustee is four (4) years, beginning January 1 after election and continuing until a successor is elected and qualified.

SECTION 63. IC 36-6-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1. (a) A township assessor shall be elected under IC 3-10-2-13 by the voters of each township having:

(1) a population of more than eight thousand (8,000); or

(2) an elected township assessor or the authority to elect a township assessor before January 1, 1979.

(b) A township assessor shall be elected under IC 3-10-2-14 in each township having a population of more than five thousand (5,000) but not more than eight thousand (8,000), if the legislative body of the township:

(1) by resolution, declares that the office of township assessor is necessary; and

(2) the resolution is filed with the county election board not later

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1 than the first date that a declaration of candidacy may be filed
2 under IC 3-8-2.

3 (c) The township assessor must reside within the township as
4 provided in Article 6, Section 6 of the Constitution of the State of
5 Indiana. The assessor forfeits office if the assessor ceases to be a
6 resident of the township **or fails to comply with the requirements of**
7 **IC 6-1.1-35-1.1.**

8 (d) The term of office of a township assessor is four (4) years,
9 beginning January 1 after election and continuing until a successor is
10 elected and qualified. However, the term of office of a township
11 assessor elected at a general election in which no other township
12 officer is elected ends on December 31 after the next election in which
13 any other township officer is elected.

14 SECTION 64. IC 36-7-14-39.5, AS AMENDED BY
15 P.L.192-2002(SS), SECTION 178, IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 39.5. (a) As used
17 in this section, "allocation area" has the meaning set forth in section 39
18 of this chapter.

19 (b) As used in this section, "taxing district" has the meaning set
20 forth in IC 6-1.1-1-20.

21 (c) Subject to subsection (e) **and except as provided in subsection**
22 **(h)**, each taxpayer in an allocation area is entitled to an additional
23 credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9
24 are due and payable in May and November of that year. **Except as**
25 **provided in subsection (h)**, one-half (1/2) of the credit shall be applied
26 to each installment of taxes (as defined in IC 6-1.1-21-2). This credit
27 equals the amount determined under the following STEPS for each
28 taxpayer in a taxing district that contains all or part of the allocation
29 area:

30 STEP ONE: Determine that part of the sum of the amounts under
31 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
32 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
33 the taxing district.

34 STEP TWO: Divide:

35 (A) that part of each county's eligible property tax replacement
36 amount (as defined in IC 6-1.1-21-2) for that year as
37 determined under IC 6-1.1-21-4 that is attributable to the
38 taxing district; by

39 (B) the STEP ONE sum.

40 STEP THREE: Multiply:

41 (A) the STEP TWO quotient; times

42 (B) the total amount of the taxpayer's taxes (as defined in

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1 IC 6-1.1-21-2) levied in the taxing district that would have
 2 been allocated to an allocation fund under section 39 of this
 3 chapter had the additional credit described in this section not
 4 been given.

5 The additional credit reduces the amount of proceeds allocated to the
 6 redevelopment district and paid into an allocation fund under section
 7 39(b)(2) of this chapter.

8 (d) If the additional credit under subsection (c) is not reduced under
 9 subsection (e) or (f), the credit for property tax replacement under
 10 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
 11 computed on an aggregate basis for all taxpayers in a taxing district
 12 that contains all or part of an allocation area. The credit for property tax
 13 replacement under IC 6-1.1-21-5 and the additional credit under
 14 subsection (c) shall be combined on the tax statements sent to each
 15 taxpayer.

16 (e) Upon the recommendation of the redevelopment commission,
 17 the municipal legislative body (in the case of a redevelopment
 18 commission established by a municipality) or the county executive (in
 19 the case of a redevelopment commission established by a county) may,
 20 by resolution, provide that the additional credit described in subsection
 21 (c):

- 22 (1) does not apply in a specified allocation area; or
- 23 (2) is to be reduced by a uniform percentage for all taxpayers in
 24 a specified allocation area.

25 (f) Whenever the municipal legislative body or county executive
 26 determines that granting the full additional credit under subsection (c)
 27 would adversely affect the interests of the holders of bonds or other
 28 contractual obligations that are payable from allocated tax proceeds in
 29 that allocation area in a way that would create a reasonable expectation
 30 that those bonds or other contractual obligations would not be paid
 31 when due, the municipal legislative body or county executive must
 32 adopt a resolution under subsection (e) to deny the additional credit or
 33 reduce it to a level that creates a reasonable expectation that the bonds
 34 or other obligations will be paid when due. A resolution adopted under
 35 subsection (e) denies or reduces the additional credit for property taxes
 36 first due and payable in the allocation area in any year following the
 37 year in which the resolution is adopted.

38 (g) A resolution adopted under subsection (e) remains in effect until
 39 it is rescinded by the body that originally adopted it. However, a
 40 resolution may not be rescinded if the rescission would adversely affect
 41 the interests of the holders of bonds or other obligations that are
 42 payable from allocated tax proceeds in that allocation area in a way that

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would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 65. IC 36-7-15.1-26.5, AS AMENDED BY P.L.192-2002(ss), SECTION 181, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), ~~and (i)~~, **and (j)**, each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in May and November of that year. **Except as provided in subsection (j)**, one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),

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IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's \dagger eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

(1) Before June 15 of each year, the fiscal officer of the consolidated city shall determine and certify the following:

(A) All amounts due in the following year to the owners of outstanding bonds payable from the allocation area special fund.

(B) All amounts that are:

(i) required under contracts with bond holders; and

(ii) payable from the allocation area special fund to fund accounts and reserves.

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- 1 (C) An estimate of the amount of personal property taxes
- 2 available to be paid into the allocation area special fund under
- 3 section 26.9(c) of this chapter.
- 4 (D) An estimate of the aggregate amount of credits to be
- 5 granted if full credits are granted.
- 6 (2) Before June 15 of each year, the fiscal officer of the
- 7 consolidated city shall determine if the granting of the full amount
- 8 of credits in the following year would impair any contract with or
- 9 otherwise adversely affect the owners of outstanding bonds
- 10 payable from the allocation area special fund.
- 11 (3) If the fiscal officer of the consolidated city determines under
- 12 subdivision (2) that there would not be an impairment or adverse
- 13 effect:
- 14 (A) the fiscal officer of the consolidated city shall certify the
- 15 determination; and
- 16 (B) the full credits shall be applied in the following year,
- 17 subject to the determinations and certifications made under
- 18 section 26.7(b) of this chapter.
- 19 (4) If the fiscal officer of the consolidated city makes an adverse
- 20 determination under subdivision (2), the fiscal officer of the
- 21 consolidated city shall determine whether there is an amount of
- 22 partial credits that, if granted in the following year, would not
- 23 result in the impairment or adverse effect. If the fiscal officer
- 24 determines that there is an amount of partial credits that would
- 25 not result in the impairment or adverse effect, the fiscal officer
- 26 shall do the following:
- 27 (A) Determine the amount of the partial credits.
- 28 (B) Certify that determination.
- 29 (5) If the fiscal officer of the consolidated city certifies under
- 30 subdivision (4) that partial credits may be paid, the partial credits
- 31 shall be applied pro rata among all affected taxpayers in the
- 32 following year.
- 33 (6) An affected taxpayer may appeal any of the following to the
- 34 circuit or superior court of the county in which the allocation area
- 35 is located:
- 36 (A) A determination by the fiscal officer of the consolidated
- 37 city that:
- 38 (i) credits may not be paid in the following year; or
- 39 (ii) only partial credits may be paid in the following year.
- 40 (B) A failure by the fiscal officer of the consolidated city to
- 41 make a determination by June 15 of whether full or partial
- 42 credits are payable under this subsection.

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(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the

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- 1 determinations and certifications made under section 26.7(b)
 2 of this chapter.
- 3 (6) If the fiscal officer of the consolidated city makes an adverse
 4 determination under subdivision (4), the fiscal officer shall
 5 determine whether there is an amount of partial credits for 1990
 6 taxes payable in 1991 that, if granted against 1991 taxes payable
 7 in 1992 in addition to granting of the credits under subsection (g),
 8 would not result in the impairment or adverse effect.
- 9 (7) If the fiscal officer of the consolidated city determines under
 10 subdivision (6) that there is an amount of partial credits that
 11 would not result in the impairment or adverse effect, the fiscal
 12 officer shall determine the amount of partial credits and certify
 13 that determination.
- 14 (8) If the fiscal officer of the consolidated city certifies under
 15 subdivision (7) that partial credits may be paid, the partial credits
 16 shall be applied pro rata among all affected taxpayers against
 17 1991 taxes payable in 1992.
- 18 (9) An affected taxpayer may appeal any of the following to the
 19 circuit or superior court of the county in which the allocation area
 20 is located:
- 21 (A) A determination by the fiscal officer of the consolidated
 22 city that:
- 23 (i) credits may not be paid for 1990 taxes payable in 1991;
 24 or
 25 (ii) only partial credits may be paid for 1990 taxes payable
 26 in 1991.
- 27 (B) A failure by the fiscal officer of the consolidated city to
 28 make a determination by June 15, 1991, of whether credits are
 29 payable under this subsection.
- 30 (10) An appeal of a determination must be filed not later than
 31 thirty (30) days after the publication of the determination. Any
 32 such appeal shall be decided by the court within sixty (60) days.
- 33 (11) An appeal of a failure by the fiscal officer of the consolidated
 34 city to make a determination of whether credits are payable under
 35 this subsection must be filed by July 15, 1991. Any such appeal
 36 shall be decided by the court within sixty (60) days.
- 37 (12) If 1991 taxes payable in 1992 with respect to a parcel are
 38 billed to the same taxpayer to which 1990 taxes payable in 1991
 39 were billed, the county treasurer shall apply to the tax bill for
 40 1991 taxes payable in 1992 both the credit provided under
 41 subsection (g) and the credit provided under this subsection,
 42 along with any credit determined to be applicable to the tax bill

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under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine

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the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to which:

(A) taxes were billed to the same taxpayer for taxes payable in each year from 1987 through 1991; or

(B) an application was filed by November 30, 1991, under subdivision (8) for refund of the credits for prior years.

A report of the determination by parcel shall be sent by the county auditor to the department of local government finance and the budget agency within five (5) days of such determination.

(4) Before January 31, 1992, the county auditor shall determine the quotient of the amounts determined under subdivision (3) with respect to each parcel divided by six (6).

(5) Before January 31, 1992, the county auditor shall determine the quotient of the aggregate amounts determined under subdivision (3) with respect to all parcels divided by twelve (12).

(6) Except as provided in subdivisions (7) and (9), in each year in which credits from prior years remain unpaid, credits for the prior years in the amounts determined under subdivision (4) shall be applied as provided in this subsection.

(7) If taxes payable in the current year with respect to a parcel are billed to the same taxpayer to which taxes payable in all of the prior years were billed and if the amount determined under subdivision (3) with respect to the parcel is at least five hundred dollars (\$500), the county treasurer shall apply the credits provided for the current year under subsections (g) and (h) and the credit in the amount determined under subdivision (4) to the tax bill for taxes payable in the current year. However, if the amount determined under subdivision (3) with respect to the parcel is less than five hundred dollars (\$500) (referred to in this subdivision as "small claims"), the county may, at the election of the county auditor, either apply a credit in the amount determined under subdivision (3) or (4) to the tax bill for taxes payable in the current year or pay either amount to the taxpayer. If title to a parcel transfers in a year in which a credit under this subsection is applied to the tax bill, the transferor may file an application with the county auditor within thirty (30) days of the date of the transfer of title to the parcel for payments to the transferor at the same times and in the same amounts that would have been allowed as credits to the transferor under this subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined

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under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10) shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year

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thereafter, the county auditor shall send to the department of local government finance and the budget agency a report of the receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under subsection (i) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

(j) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (e) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 66. IC 36-7-15.1-35, AS AMENDED BY P.L.192-2002(ss), SECTION 182, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

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(2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) **Except as provided in subsection (g)**, the commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by

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1 applying one-half (1/2) of the credit to each installment of taxes (as
 2 defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable
 3 ~~on~~ in May † and November † of a year. **Except as provided in**
 4 **subsection (g), one-half (1/2) of the credit shall be applied to each**
 5 **installment of taxes (as defined in IC 6-1.1-21-2).** The commission
 6 must provide for the credit annually by a resolution and must find in
 7 the resolution the following:

8 (1) That the money to be collected and deposited in the allocation
 9 fund, based upon historical collection rates, after granting the
 10 credit will equal the amounts payable for contractual obligations
 11 from the fund, plus ten percent (10%) of those amounts.

12 (2) If bonds payable from the fund are outstanding, that there is
 13 a debt service reserve for the bonds that at least equals the amount
 14 of the credit to be granted.

15 (3) If bonds of a lessor under section 17.1 of this chapter or under
 16 IC 36-1-10 are outstanding and if lease rentals are payable from
 17 the fund, that there is a debt service reserve for those bonds that
 18 at least equals the amount of the credit to be granted.

19 If the tax increment is insufficient to grant the credit in full, the
 20 commission may grant the credit in part, prorated among all taxpayers.

21 (e) Notwithstanding section 26(b) of this chapter, the special fund
 22 established under section 26(b) of this chapter for the allocation area
 23 for a program adopted under section 32 of this chapter may only be
 24 used to do one (1) or more of the following:

25 (1) Accomplish one (1) or more of the actions set forth in section
 26 26(b)(2)(A) through 26(b)(2)(H) of this chapter.

27 (2) Reimburse the consolidated city for expenditures made by the
 28 city in order to accomplish the housing program in that allocation
 29 area.

30 The special fund may not be used for operating expenses of the
 31 commission.

32 (f) Notwithstanding section 26(b) of this chapter, the commission
 33 shall, relative to the special fund established under section 26(b) of this
 34 chapter for an allocation area for a program adopted under section 32
 35 of this chapter, do the following before July 15 of each year:

36 (1) Determine the amount, if any, by which property taxes payable
 37 to the allocation fund in the following year will exceed the
 38 amount of property taxes necessary:

39 (A) to make, when due, principal and interest payments on
 40 bonds described in section 26(b)(2) of this chapter;

41 (B) to pay the amount necessary for other purposes described
 42 in section 26(b)(2) of this chapter; and

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(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 67. IC 36-7-15.1-56, AS AMENDED BY P.L.192-2002(ss), SECTION 184, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) **and except as provided in subsection (h)**, each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. **Except as provided in subsection (h)**, one-half(1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the

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1 taxing district; by
 2 (B) the STEP ONE sum.
 3 STEP THREE: Multiply:
 4 (A) the STEP TWO quotient; times
 5 (B) the total amount of the taxpayer's taxes (as defined in
 6 IC 6-1.1-21-2) levied in the taxing district that would have
 7 been allocated to an allocation fund under section 53 of this
 8 chapter had the additional credit described in this section not
 9 been given.

10 The additional credit reduces the amount of proceeds allocated to the
 11 development district and paid into an allocation fund under section
 12 53(b)(2) of this chapter.

13 (d) If the additional credit under subsection (c) is not reduced under
 14 subsection (e) or (f), the credit for property tax replacement under
 15 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
 16 computed on an aggregate basis for all taxpayers in a taxing district
 17 that contains all or part of an allocation area. The credit for property tax
 18 replacement under IC 6-1.1-21-5 and the additional credit under
 19 subsection (c) shall be combined on the tax statements sent to each
 20 taxpayer.

21 (e) Upon the recommendation of the commission, the excluded city
 22 legislative body may, by resolution, provide that the additional credit
 23 described in subsection (c):

24 (1) does not apply in a specified allocation area; or
 25 (2) is to be reduced by a uniform percentage for all taxpayers in
 26 a specified allocation area.

27 (f) Whenever the excluded city legislative body determines that
 28 granting the full additional credit under subsection (c) would adversely
 29 affect the interests of the holders of bonds or other contractual
 30 obligations that are payable from allocated tax proceeds in that
 31 allocation area in a way that would create a reasonable expectation that
 32 those bonds or other contractual obligations would not be paid when
 33 due, the excluded city legislative body must adopt a resolution under
 34 subsection (e) to deny the additional credit or reduce it to a level that
 35 creates a reasonable expectation that the bonds or other obligations will
 36 be paid when due. A resolution adopted under subsection (e) denies or
 37 reduces the additional credit for property taxes first due and payable in
 38 the allocation area in any year following the year in which the
 39 resolution is adopted.

40 (g) A resolution adopted under subsection (e) remains in effect until
 41 it is rescinded by the body that originally adopted it. However, a
 42 resolution may not be rescinded if the rescission would adversely affect

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the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

(h) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 68. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "benefit" means:

- (1) a credit under IC 6-1.1-20.9; or
- (2) a deduction under any of the following:
 - IC 6-1.1-12-1
 - IC 6-1.1-12-9, as amended by this act
 - IC 6-1.1-12-11
 - IC 6-1.1-12-13
 - IC 6-1.1-12-14
 - IC 6-1.1-12-16
 - IC 6-1.1-12-17.4.

(b) This SECTION applies to an individual who, with respect to a real property parcel:

- (1) did not receive a benefit for property taxes first due and payable in 2003;
- (2) met the eligibility criteria for the benefit under a section referred to in subsection (a) for property taxes first due and payable in 2004; and
- (3) did not file a timely application as required by law for the benefit for property taxes first due and payable in 2004.

(c) Except as provided in subsection (d), an individual may:

- (1) claim a benefit referred to in subsection (a)(1) by meeting

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1 the filing requirements of IC 6-1.1-20.9; and

2 (2) claim a benefit referred to in subsection (a)(2) by meeting
3 the filing requirements of IC 6-1.1-12.

4 (d) The filing requirements for a benefit under this SECTION
5 must be met before December 15, 2003.

6 (e) The department of local government finance shall:

7 (1) prescribe forms; or

8 (2) issue instructions for the use of existing forms;
9 for filing a claim under subsection (c).

10 (f) The county auditor shall determine the individual's eligibility
11 for a benefit under this SECTION. If the county auditor
12 determines that an individual is eligible for a benefit under this
13 SECTION for a parcel, the county auditor shall:

14 (1) apply the benefit with respect to taxes first due and
15 payable in 2004 for the parcel; and

16 (2) before January 1, 2004:

17 (A) send to the department of local government finance a
18 revised certification under IC 6-1.1-17-1(a) for the county
19 that reflects:

20 (i) the benefits applied under this SECTION; and

21 (ii) deductions under IC 6-1.1-12-37 applied as described
22 in subsection (j); and

23 (B) certify to the department of local government finance
24 the amount of homestead credits allowed in the county
25 under this SECTION for property taxes first due and
26 payable in 2004.

27 (g) The department of local government finance shall use the
28 revised certifications received under subsection (f)(2)(A) in the
29 department's determination of tax rates under IC 6-1.1-17-16 for
30 taxes first due and payable in 2004. Notwithstanding
31 IC 6-1.1-17-16(d), the department of local government finance may
32 increase a political subdivision's tax rate to an amount that exceeds
33 the amount originally fixed by the political subdivision based on
34 the revised certification received under subsection (f)(2)(A).

35 (h) Before March 15, 2004, the auditor of state shall certify the
36 amount of homestead credits referred to in subsection (f)(2)(B) to
37 the department of state revenue. For property taxes first due and
38 payable in 2004, the department of state revenue shall allocate
39 under IC 6-1.1-21-4 from the property tax replacement fund an
40 additional amount equal to the total amount of homestead credits
41 allowed under this SECTION for property taxes first due and
42 payable in 2004. The department of state revenue shall distribute

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the amount allocated under this subsection in the same manner that other property tax replacement fund distributions are made in 2004.

(i) A statement filed under this SECTION to obtain a benefit for property taxes first due and payable in 2004 applies for that year and any succeeding year for which the benefit is allowed.

(j) Each year a person who is entitled under this SECTION to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-37 from the assessed value of the real property that qualifies for the homestead credit.

SECTION 69. [EFFECTIVE UPON PASSAGE] Any action taken by the department of local government finance before January 1, 2004, to:

- (1) allow a taxpayer to file a petition under IC 6-1.1-15-1(b)(1) more than forty-five (45) days after notice of a change in the assessment is given to the taxpayer;
- (2) allow the payment of property taxes in installments other than the installments prescribed in IC 6-1.1-22-9(a); or
- (3) waive all or part of a penalty under IC 6-1.1-37-10 of this chapter;

is legalized and validated.

SECTION 70. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of local government finance.

(b) The department shall study the feasibility of creating uniform and common computer software programs for property tax assessment purposes, including computer software programs that allow the sharing and transfer of assessment data in a uniform format by the state and all counties.

(c) The department shall report the results of the study required by subsection (b) to the commission on state tax and financing policy before September 1, 2004.

(d) Upon approval of the governor, the budget agency may authorize the payment of expenses incurred by the department in conducting the study required by subsection (b) from amounts allotted from the departmental and institutional emergency contingency fund.

(e) This SECTION expires January 1, 2005.

SECTION 71. [EFFECTIVE UPON PASSAGE] IC 6-1.1-15-11, as amended by this act, applies only to refunds that result from assessment reductions for which notice is given to the taxpayer

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after December 31, 2003.

SECTION 72. [EFFECTIVE JULY 1, 2004] IC 6-1.1-17-20, as amended by this act, applies only to property taxes first due and payable after December 31, 2004.

SECTION 73. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-1, as amended by this act, applies to property taxes first due and payable after December 31, 2003.

SECTION 74. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-13 and IC 6-1.1-21-2, both as amended by this act, apply only to property taxes first due and payable after December 31, 2003.

SECTION 75. [EFFECTIVE JULY 1, 2004] IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.

SECTION 76. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-16, IC 6-1.1-19-1.5, IC 6-1.1-19-4.7, IC 20-5.5-7-3, and IC 21-3-1.7-6.8, all as added by this act, apply to property taxes first due and payable after December 31, 2003.

SECTION 77. [EFFECTIVE JULY 1, 2004] An elected county assessor, township assessor, or township trustee-assessor is required to comply with IC 6-1.1-35-1.1, as amended by this act, only if the assessor or trustee-assessor is elected to a new term of office that begins after June 30, 2004.

SECTION 78. [EFFECTIVE MAY 10, 2002 (RETROACTIVE)] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) This SECTION applies only to the appeal of an assessment of real property.

(c) Notwithstanding IC 6-1.1-15-1(b)(2), IC 6-1.1-15-1(c), and IC 6-1.1-15-1(d), in order to appeal an assessment of real property and have a change in the assessment effective for the assessment date in 2002, 2003, or 2004, the taxpayer must, in the manner provided by IC 6-1.1-15-1, as amended by this act, file a written request for a preliminary conference with the township assessor not later than forty-five (45) days after:

(1) a notice of a change of assessment for the assessment date is given to the taxpayer; or

(2) the taxpayer receives a tax statement for the property taxes that are based on the assessment for the assessment date;

whichever occurs first.

(d) An appeal of a taxpayer under subsection (c) must comply with all other requirements applicable to an appeal under IC 6-1.1-15-1, except that the provisions of IC 6-1.1-15-1(b)(2),

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- 1 IC 6-1.1-15-1(c), and IC 6-1.1-15-1(d) that prohibit appeals of:
- 2 (1) an assessment for an assessment date in 2002 that is filed
- 3 after May 10, 2002, apply to property taxes imposed for that
- 4 assessment date;
- 5 (2) an assessment for an assessment date in 2003 that is filed
- 6 after May 10, 2003, apply to property taxes imposed for that
- 7 assessment date; or
- 8 (3) an assessment for an assessment date in 2004 that is filed
- 9 after May 10, 2004, apply to property taxes imposed for that
- 10 assessment date.

11 SECTION 79. [EFFECTIVE UPON PASSAGE] (a) For property
12 taxes first due and payable in 2004 with respect to a homestead (as
13 defined in IC 6-1.1-20.9-1):

- 14 (1) a county treasurer who mails a property tax statement
- 15 under IC 6-1.1-22-8(a)(1) shall include in or mail with the
- 16 statement; and
- 17 (2) a county treasurer who transmits a statement to a person's
- 18 mortgagee under IC 6-1.1-22-8(a)(2) shall, at the time the
- 19 county treasurer mails statements under IC 6-1.1-22-8(a)(1),
- 20 mail or cause to be mailed to the last known address of the
- 21 person;

22 a statement in the form determined by the department of local
23 government finance under subsection (b). A statement mailed to a
24 person described in subdivision (2) need not be transmitted to the
25 person's mortgagee.

26 (b) Not later than ten (10) days after the department of local
27 government finance certifies to a county under IC 6-1.1-17-16 its
28 action on the county's tax rate and tax levy for property taxes first
29 due and payable in 2004, the department shall determine and
30 provide to the county treasurer the wording of a statement
31 concerning property taxes on homesteads in the county, which
32 must be in the following or a substantially similar form, as
33 determined by the department:

34 "Your assessing officials completed a general reassessment of
35 all real property in the county first effective for property
36 taxes payable in 2003. The reassessment was necessary to
37 comply with Indiana law. The Indiana General Assembly has
38 increased the property tax replacement credit and made other
39 changes to the property tax system to substantially reduce the
40 effects that this reassessment may have on your property tax
41 liability. If the Indiana General Assembly had not taken these
42 actions, the average 2004 property tax bill for homeowners in

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_____ County would be approximately _____ percent
(___%) greater."

The county treasurer is responsible for the preparation and mailing of the statement in the manner provided by subsection (a).

(c) This SECTION expires July 1, 2005.

SECTION 80. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement the following:

(1) IC 6-1.1-4-39.

(2) IC 6-1.1-31-3.

(3) IC 6-1.1-31-6.

(4) IC 6-1.1-31-7.

(c) A temporary rule adopted under this SECTION expires on the earlier of the following:

(1) The date that another temporary rule is adopted under this SECTION or a permanent rule is adopted under IC 4-22-2 to supersede the temporary rule.

(2) December 31, 2005.

SECTION 81. [EFFECTIVE UPON PASSAGE] (a) The department of local government finance may not prescribe a form for taxpayers to request a preliminary conference under IC 6-1.1-15-1, as amended by this act. Any written document containing the information specified in IC 6-1.1-15-1(b), as amended by this act, is sufficient to initiate a preliminary conference under this act.

(b) The department of local government finance may modify the form known as the "Form 130" to enable township assessors and taxpayers to report the results of preliminary conferences held under IC 6-1.1-15-1, as amended by this act, to the appropriate county property tax assessment board of appeals.

(c) The department of local government finance may not prescribe a form for taxpayers to request a hearing before the county property tax assessment board of appeals under IC 6-1.1-15-1(j), as added by this act. Any written document requesting the hearing is sufficient.

(d) The following provisions apply to a taxpayer who, before the effective date of this act, filed a petition for review of an assessment determination by a township assessor in the manner provided by IC 6-1.1-15-1, as in effect before the effective date of this act:

(1) The taxpayer is not required to file a request for a

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preliminary conference with the township assessor.

(2) The provisions of IC 6-1.1-15-1, as in effect before the effective date of this act, with respect to a preliminary conference with the township assessor and a hearing before the county property tax assessment board of appeals apply to the taxpayer's petition.

SECTION 82. [EFFECTIVE UPON PASSAGE] (a) The commission on state tax and financing policy established under IC 2-5-3 shall study:

(1) the elimination of property taxes as a source of funding for local government services other than:

(A) police and fire protection; and

(B) public health purposes; and

(2) alternative sources of revenue that might be used to replace the property taxes described in subdivision (1).

The commission shall complete its study not later than December 31, 2005.

(b) This SECTION expires July 1, 2006.

SECTION 83. [EFFECTIVE JANUARY 1, 2004] There is appropriated to the department of local government finance an amount sufficient from the assessment training fund established by IC 6-1.1-5.5-4.7, as amended by this act, to carry out the purposes set forth in IC 6-1.1-5.5-4.7, as amended by this act, beginning January 1, 2004, and ending June 30, 2005.

SECTION 84. [EFFECTIVE MARCH 1, 2004] (a) The definitions set forth in IC 6-1.1-20 apply throughout this SECTION.

(b) The following provisions apply to a controlled project for which a notice of preliminary determination to issue bonds or enter into a lease was published before March 1, 2004:

(1) The amendments made by IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, and by IC 6-1.1-20-10, as added by this act, do not apply to:

(A) a petition requesting the application of the petition and remonstrance process to the controlled project; or

(B) a petition or remonstrance concerning the controlled project.

(2) IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, both as in effect before March 1, 2004, apply to:

(A) a petition requesting the application of the petition and remonstrance process to the controlled project; or

(B) a petition or remonstrance concerning the controlled project.

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1 SECTION 85. [EFFECTIVE UPON PASSAGE] **IC 6-3-1-3.5, as**
2 **amended by this act, applies only to taxable years after December**
3 **31, 2003.**

4 SECTION 86. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 1, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 13, line 34, delete "is" and insert "**should be**".

Page 15, line 4, delete "committee" and insert "**commission**".

Page 21, line 39, strike "IC 6-1.1-9." and insert "**IC 6-1.1-13.**".

Page 29, delete lines 19 through 42, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-18.5-1, AS AMENDED BY P.L.198-2001, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means ~~the greater of:~~

(1) ~~the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year; as that levy was determined under section 3 of this chapter; or~~

(2) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year."

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Page 30, delete lines 1 through 17.

Page 38, delete lines 36 through 42.

Page 39, delete lines 1 through 30.

Page 46, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 27. IC 6-1.1-20-3.1, AS AMENDED BY P.L.178-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 3.1. A political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of a political subdivision shall:

(A) publish notice in accordance with IC 5-3-1; and

(B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;

of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.

(2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in subdivision (1)(B).

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

(A) The maximum term of the bonds or lease.

(B) The maximum principal amount of the bonds or the maximum lease rental for the lease.

(C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.

(D) The purpose of the bonds or lease.

(E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.

(F) With respect to bonds issued or a lease entered into to open:

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- (i) a new school facility; or
- (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

(G) A statement of whether the school corporation expects to appeal as described in IC 6-1.1-19-4.4(a)(4) for an increased adjusted base levy to pay the estimated costs described in clause (F).

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

- (A) ~~two one~~ hundred ~~fifty~~ (250) (100) owners of real property within the political subdivision; or
- (B) ~~ten~~ five percent (~~10%~~) (5%) of the owners of real property within the political subdivision.

(5) **The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:**

- (A) the carrier and signers must be owners of real property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and
- (D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision ~~(6)~~: (7).

~~(6)~~ (7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2)

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of the notice of the preliminary determination.

~~(7)~~ (8) The county auditor must file a certificate and each petition with:

(A) the township trustee, if the political subdivision is a township, who shall present the petition or petitions to the township board; or

(B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

within fifteen (15) business days of the filing of the petition requesting a petition and remonstrance process. The certificate must state the number of petitioners that are owners of real property within the political subdivision.

If a sufficient petition requesting a petition and remonstrance process is not filed by owners of real property as set forth in this section, the political subdivision may issue bonds or enter into a lease by following the provisions of law relating to the bonds to be issued or lease to be entered into.

SECTION 28. IC 6-1.1-20-3.2, AS AMENDED BY P.L.178-2002, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

(A) petitions (described in subdivision (3)) in favor of the bonds or lease; and

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(B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property within the political subdivision. Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition and remonstrance forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition or remonstrance forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; ~~and~~
- (D) govern the closing date for the petition and remonstrance period; **and**

(E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions and remonstrances must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged

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with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property within the political subdivision.

(6) If a greater number of owners of real property within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by IC 6-1.1-18.5-8 or IC 6-1.1-19-8.

SECTION 29. IC 6-1.1-20-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: **Sec. 10. (a) If a petition and remonstrance process is commenced under section 3.2 of this chapter, during the sixty (60) day period commencing with the notice under section 3.2(1) of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:**

(1) Allowing facilities owned by the political subdivision to be used for public relations purposes to promote a position on

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the petition or remonstrance, unless equal access to the facilities is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

However, this section does not prohibit an employee of the political subdivision from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the employee's office or agency.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the political subdivision."

Page 55, line 31, delete "this provisional statement is sent to" and insert "_____ County (insert county) has".

Page 55, line 32, delete "property owners in a county that".

Page 55, line 36, delete "of _____ County (insert county)".

Page 58, line 32, after "supplement the" delete "other".

Page 58, line 33, delete "article" and insert "**chapter**".

Page 93, line 38, after "IC 6-1.1-12-9" insert ", as amended by this act".

Page 96, between lines 16 and 17, begin a new paragraph and insert:
"SECTION 62. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18.5-1, as amended by this act, applies to property taxes first due and payable after December 31, 2003.**"

Page 98, line 6, delete "homeowner in _____ County" and insert "**2004 property tax bill for homeowners in _____ County would be approximately _____ percent (___%) greater.**".

Page 98, delete lines 7 through 8.

Page 99, delete lines 7 through 11, begin a new paragraph and insert:

"SECTION 72. [EFFECTIVE UPON PASSAGE] **(a) The commission on state tax and financing policy established under**

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IC 2-5-3 shall study:

(1) the elimination of property taxes as a source of funding for local government services other than:

(A) police and fire protection; and

(B) public health purposes; and

(2) alternative sources of revenue that might be used to replace the property taxes described in subdivision (1).

The commission shall complete its study not later than December 31, 2005.

(b) This SECTION expires July 1, 2006."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 1 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 13, Nays 1.

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SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 3, line 10, delete "or IC 6-1.1-22.5-20." and insert ".".

Page 3, between lines 14 and 15, begin a new line block indented and insert:

"(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20."

Page 17, between lines 29 and 30, begin a new paragraph and insert:

"SECTION 10. IC 6-1.1-5.5-4.7, AS AMENDED BY P.L.90-2002, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4.7. (a) The assessment training fund is established for the purpose of receiving fees deposited under section 4 of this chapter. **Money in fund may be used by the department of local government finance to cover expenses incurred in the development and administration of programs** for the training of assessment officials and employees of the department, ~~of local government finance~~, **including the examination and certification program required by IC 6-1.1-35.5.** The fund shall be administered by the treasurer of state.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund."

Page 26, delete lines 39 through 42.

Page 27, delete line 1.

Page 27, line 2, delete "(6)" and insert "(1)".

Page 27, line 3, delete "(7)" and insert "(2)".

Page 27, line 4, delete "(8)" and insert "(3)".

Page 27, delete line 5.

Page 27, line 6, delete "(10)" and insert "(4)".

Page 27, line 7, delete "(11)" and insert "(5)".

Page 27, line 8, delete "(12)" and insert "(6)".

Page 27, line 9, delete "(13)" and insert "(7)".

Page 27, line 10, delete "(14)" and insert "(8)".

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Page 27, line 11, delete "(15)" and insert "(9)".
 Page 27, line 12, delete "(16)" and insert "(10)".
 Page 27, line 13, delete "(17)" and insert "(11)".
 Page 27, line 14, delete "(18)" and insert "(12)".
 Page 27, line 15, delete "(19)" and insert "(13)".
 Page 27, line 16, delete "(20)" and insert "(14)".
 Page 27, line 17, delete "(21)" and insert "(15)".
 Page 27, line 18, delete "(22)" and insert "(16)".
 Page 27, line 19, delete "(23)" and insert "(17)".
 Page 27, line 20, delete "(24)" and insert "(18)".
 Page 27, line 21, delete "(25)" and insert "(19)".
 Page 27, line 22, delete "(26)" and insert "(20)".
 Page 27, line 23, delete "(27)" and insert "(21)".
 Page 27, line 24, delete "(28)" and insert "(22)".
 Page 27, line 25, delete "(29)" and insert "(23)".
 Page 27, line 26, delete "(30)" and insert "(24)".
 Page 27, line 27, delete "(31)" and insert "(25)".
 Page 27, line 28, delete "(32)" and insert "(26)".
 Page 27, line 29, delete "(33)" and insert "(27)".
 Page 27, line 30, delete "(34)" and insert "(28)".
 Page 27, line 31, delete "(35)" and insert "(29)".
 Page 27, line 32, delete "(36)" and insert "(30)".
 Page 27, line 33, delete "(37)" and insert "(31)".
 Page 27, line 34, delete "(38)" and insert "(32)".
 Page 27, line 35, delete "(39)" and insert "(33)".
 Page 27, line 36, delete "(40)" and insert "(34)".
 Page 27, line 37, delete "(41)" and insert "(35)".
 Page 27, line 38, delete "(42)" and insert "(36)".
 Page 27, line 39, delete "(43)" and insert "(37)".
 Page 27, line 40, delete "(44)" and insert "(38)".
 Page 27, line 41, delete "(45)" and insert "(39)".
 Page 27, line 42, delete "(46)" and insert "(40)".
 Page 28, line 1, delete "(47)" and insert "(41)".
 Page 28, line 2, delete "(48)" and insert "(42)".
 Page 28, line 3, delete "(49)" and insert "(43)".
 Page 28, line 4, delete "(50)" and insert "(44)".
 Page 28, line 5, delete "(51)" and insert "(45)".
 Page 28, line 6, delete "(52)" and insert "(46)".
 Page 28, line 7, delete "(53)" and insert "(47)".
 Page 28, line 8, delete "(54)" and insert "(48)".
 Page 28, line 9, delete "(55)" and insert "(49)".
 Page 28, line 10, delete "(56)" and insert "(50)".

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Page 28, line 11, delete "(57)" and insert **"(51)"**.

Page 28, line 12, delete "(58)" and insert **"(52)"**.

Page 28, line 13, delete "(59)" and insert **"(53)"**.

Page 29, delete lines 11 through 15.

Page 29, line 16, delete "(g)" and insert **"(f)"**.

Page 29, line 40, after "IC 6-1.1-17" delete "." and insert ", **and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.**".

Page 38, line 32, strike "product of:" and insert **"levy determined under IC 12-19-7-4."**.

Page 38, strike lines 33 through 35.

Page 38, line 36, strike "(2) the".

Page 38, line 36, strike "county family and children property tax levy".

Page 38, line 37, strike "that the county".

Page 38, line 37, strike "imposed for the calendar year".

Page 38, strike lines 38 through 39.

Page 38, delete lines 40 through 42.

Page 39, line 5, strike "product of:" and insert **"levy determined under IC 12-19-7.5-6."**.

Page 39, strike lines 6 through 8.

Page 39, line 9, strike "(2) the".

Page 39, line 9, strike "county children's psychiatric residential".

Page 39, line 10, strike "treatment services property tax levy that the county".

Page 39, strike lines 11 through 12.

Page 39, delete lines 13 through 15.

Page 59, line 10, after "hearing" insert ", **which must be in the county**".

Page 62, line 17, delete "sixty (60)" and insert **"fifty-one (51)"**.

Page 73, between lines 35 and 36, begin a new paragraph and insert:
"SECTION 46. IC 12-13-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. For taxes first due and payable in each year after ~~1990~~, 2003, each county shall impose a medical assistance property tax levy equal to the product of:

(1) the medical assistance property tax levy imposed for taxes first due and payable in the preceding year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that

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preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year; multiplied by

(2) the statewide average assessed value growth quotient, using all the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for the year in which the tax levy under this section will be first due and payable.

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

SECTION 47. IC 12-19-7-4, AS AMENDED BY P.L.90-2002, SECTION 344, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) For taxes first due and payable in 1995, each county must impose a county family and children property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money); as determined by the state board of accounts, in 1991, 1992, and 1993 for the following:

(A) Payments for administrative expenses of the county office of family and children in administering the provision of child services:

(B) Payments for the services described in section 1 of this chapter that were made on behalf of the children described in section 1 of this chapter and for which payment was made from the county welfare fund:

(C) Payment for the facilities, supplies, and equipment needed for the provision of child services as operated by the county office of family and children:

(D) Payment of all other expenses incurred in providing child services that were paid by the county office of family and children:

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:

(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the provision of child services in 1991, 1992, and 1993; and

(B) the county welfare fund, the county general fund, or the

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county welfare loan fund (whichever of the funds applies) and used to pay the costs of providing child services in 1991, 1992, and 1993.

STEP THREE: Divide the amount determined in STEP TWO by three (3).

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1993 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the department of local government finance under subsection (c).

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:

(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1995; or

(B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1995.

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 1995, as determined under IC 6-1.1-18.5-2.

(b) (a) For taxes first due and payable in each year after 1995, 2003, each county shall impose a county family and children property tax levy equal to the product of:

(1) the county family and children property tax levy imposed for taxes first due and payable in the preceding year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year**; multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount

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to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. **If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.**

(c) For taxes first due and payable in 1995 and in 1996, the department of local government finance shall adjust the levy for each county to reflect the county's actual child services expenses incurred in providing child services in 1991, 1992, and 1993. In making this adjustment, the department of local government finance may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.

(d) (b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 48. IC 12-19-7.5-6, AS ADDED BY P.L.224-2003, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) For taxes first due and payable in 2004, each county must impose a county children's psychiatric residential services property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money), as determined by the state board of accounts in 2000, 2001, and 2002 for payments to facilities licensed under 470 IAC 3-13 for services that were made on behalf of the children and for which payment was made from the county family and children fund, or five percent (5%) of the average family and children budget, as determined by the department of local government finance in 2000, 2001, and 2002, whichever is greater.

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to the county family and children fund and used to pay the costs for providing services in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002.

STEP THREE: Divide the amount determined in STEP TWO by three (3).

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 2002 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and

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STEP FOUR by the amount determined by the department of local government finance under subsection (c).

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 2003.

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 2004, as determined under IC 6-1.1-18.5-2.

(b) For taxes first due and payable in each year after 2004, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the product of:

(1) the county children's psychiatric residential treatment services property tax levy imposed for taxes first due and payable in the preceding year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year;** multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. **If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.**

(c) For taxes first due and payable in 2004, the department of local government finance shall adjust the levy for each county to reflect the county's actual expenses incurred in providing services to children in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002. In making this adjustment, the department of local government finance may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.

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(d) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy."

Page 76, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 51. IC 16-35-3-3, AS AMENDED BY P.L.90-2002, SECTION 401, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) For taxes first due and payable in 1992, each county must impose a children with special health care needs property tax levy equal to the amount determined using the following formula:

STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money), as determined by the state board of accounts, in 1988, 1989, and 1990 for the following:

(A) Payments for administrative expenses of the county office of family and children in the administration of the children with special health care needs program.

(B) Payment for the facilities, supplies, and equipment needed for the children with special health care needs program as operated by the county office of family and children.

(C) Payment of all other expenses under the children with special health care needs program that were paid by the county office of family and children.

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:

(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the children with special health care needs program in 1988, 1989, and 1990; and

(B) the county welfare fund and used to pay all other costs of the children with special health care needs program in 1988, 1989, and 1990.

STEP THREE: Divide the amount determined in STEP TWO by three (3).

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1990 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the state board of tax commissioners under subsection (c).

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in

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STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:

- (A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1992; or
- (B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1992.

STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 1992, as determined under IC 6-1.1-18.5-2.

(b) (a) For taxes first due and payable in each year after 1992; **2003**, each county shall impose a children with special health care needs property tax levy equal to the product of:

- (1) the children with special health care needs property tax levy imposed for taxes first due and payable in the preceding year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year;** multiplied by
- (2) the greater of:
 - (A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or
 - (B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section. **If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.**

(c) For taxes first due and payable in 1992 and in 1993, the state board of tax commissioners shall adjust the levy for each county to reflect the county's actual welfare expenses for administration; facilities; supplies; equipment; and all other costs for the children with special health care needs program in 1988, 1989, and 1990. In making this adjustment, the state board of tax commissioners may consider all

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relevant information. This includes the county's use of bond and loan proceeds to pay these expenses.

(d) (b) The department of local government finance shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy."

Page 78, between lines 39 and 40, begin a new paragraph and insert:
"SECTION 54. IC 21-2-11.5-3, AS AMENDED BY P.L.192-2002(ss), SECTION 162, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

- (1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and
- (2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after ~~2002~~, **2003**, the levy for the fund may not exceed the levy for the previous year, **as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year**, multiplied by the assessed value growth quotient determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

- (A) The STEP THREE quotient.
- (B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(c) Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus

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acquisition plan adopted under section 3.1 of this chapter.

(d) The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.".

Page 99, line 19, delete "January" and insert "**March**".

Page 99, line 19, delete "department of local" and insert "**auditor of state**".

Page 99, line 20, delete "government finance".

Page 102, line 6, delete "the statement prepared" and insert "**a statement in the form determined**".

Page 102, line 13, after "shall" insert "**determine and**".

Page 102, line 14, delete "following statement:" and insert "**wording of a statement concerning property taxes on homesteads in the county, which must be in the following or a substantially similar form, as determined by the department:**".

Page 102, between lines 25 and 26, begin a new line blocked left and insert:

"The county treasurer is responsible for the preparation and mailing of the statement in the manner provided by subsection (a)."

Page 103, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 76. [EFFECTIVE JANUARY 1, 2004] There is appropriated to the department of local government finance an amount sufficient from the assessment training fund established by IC 6-1.1-5.5-4.7, as amended by this act, to carry out the purposes set forth in IC 6-1.1-5.5-4.7, as amended by this act, beginning January 1, 2004, and ending June 30, 2005."

Re-number all SECTIONS consecutively.

(Reference is to SB 1 as printed November 1, 2003.)

BORST

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 19, line 2, delete "request".

Page 19, line 2, delete "with the township assessor to"

Page 19, line 3, delete "review the assessment".

Page 19, line 3, delete "the taxpayer's right".

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Page 19, line 17, delete "township assessor;" and insert **"county or township official referred to in this subsection;"**.

Page 19, delete line 25 and insert **"county or township official referred to in subsection (a):"**.

Page 19, line 29, reset in roman "county".

Page 19, line 29, delete "township".

Page 19, line 29, strike "assessor" and insert **"or township official referred to in subsection (a)"**.

Page 20, line 35, strike "township assessor" and insert **"county or township official referred to in subsection (a)"**.

Page 20, line 36, after "petition," insert **"a written request for a preliminary conference,"**.

Page 20, line 36, reset in roman "attempt to".

Page 20, line 36, delete "a written request for a".

Page 20, line 37, delete "preliminary conference,".

Page 21, line 10, strike "township assessor" and insert **"county or township official referred to in subsection (a)"**.

Page 21, line 17, after "and the" delete "township assessor." and insert **"official."**

Page 21, line 17, after "The" delete "township assessor" and insert **"official"**.

Page 21, line 25, after "official" insert **"referred to in subsection (a)"**.

Page 21, line 27, delete "township assessor's".

Page 21, line 28, after "disagreement" insert **"by the official"**.

Page 21, line 29, delete "township assessor" and insert **"official"**.

Page 21, line 34, strike "township assessor" and insert **"county or township official referred to in subsection (a)"**.

Page 21, line 37, strike "township assessor;" and insert **"official;"**.

Page 22, line 4, delete "county property tax assessment".

Page 22, line 5, delete "(j) and (k)," and insert **"(k) and (l),"**.

Page 22, line 7, delete "township" and insert **"official's"**.

Page 22, line 8, delete "assessor's".

Page 22, line 11, strike "township assessor or county assessor for the county" and insert **"county or township official referred to in subsection (a)"**.

Page 22, line 17, delete "(j)" insert **"(k)"**.

Page 22, line 19, delete "(k)." and insert **"(l)."**

Page 22, between lines 19 and 20 begin a new paragraph and insert:

"(j) If the township assessor does not attempt to hold a preliminary conference, the taxpayer may file a request in writing with the county assessor for a hearing before the property tax

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assessment board of appeals. If the board determines that the county or township official referred to in subsection (a) did not attempt to hold a preliminary conference, the board shall hold a hearing. The taxpayer and the county or township official whose original determination is under review are parties to the proceeding before the board of appeals. The hearing must be held within ninety (90) days of the receipt by the board of appeals of the taxpayer's hearing request under this subsection. The requirements of subsection (i) with respect to:

- (1) participation in the hearing by the taxpayer and the township assessor or county assessor; and
- (2) the procedures to be followed by the county board; apply to a hearing held under this subsection."

Page 22, line 20, delete "(j)" and insert "(k)".

Page 22, line 29, delete "(k)" and insert "(l)".

Page 22, line 39, delete "(l)" and insert "(m)".

Page 23, line 1, delete "(i);" and insert "(i) or (j);".

Page 23, line 40, delete "township assessor" and insert "the county or township official".

Page 24, between lines 8 and 9 begin a new paragraph and insert:

"SECTION 15. IC 6-1.1-15-3, AS AMENDED BY P.L.256-2003, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) A taxpayer may obtain a review by the Indiana board of a county property tax assessment board of appeals action with respect to the assessment of that taxpayer's tangible property if the county property tax assessment board of appeals' action requires the giving of notice to the taxpayer. A township assessor, county assessor, member of a county property tax assessment board of appeals, or county property tax assessment board of appeals that made the original determination under appeal under this section is a party to the review under this section to defend the determination. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the taxpayer's opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) A township assessor or county assessor may obtain a review by the Indiana board of any assessment which the township assessor or the county assessor has made, upon which the township assessor or the county assessor has passed, or which has been made over the township assessor's or the county assessor's protest.

(c) In order to obtain a review by the Indiana board under this

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section, the party must file a petition for review with the appropriate county assessor within thirty (30) days after the notice of the county property tax assessment board of appeals action is given to the taxpayer.

(d) The Indiana board shall prescribe the form of the petition for review of an assessment determination by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the Indiana board. The form must require the petitioner to specify the following:

- (1) **If the county or township official held a preliminary conference under section 1(f) of this chapter**, the items listed in section ~~1(c)(1)~~ **1(g)(1)** and ~~1(c)(2)~~ **1(g)(2)** of this chapter.
- (2) The reasons why the petitioner believes that the assessment determination by the county property tax assessment board of appeals is erroneous.

(e) The county assessor shall transmit the petition for review to the Indiana board within ten (10) days after it is filed.

(f) If a township assessor or a member of the county property tax assessment board of appeals files a petition for review under this section concerning the assessment of a taxpayer's property, the county assessor must send a copy of the petition to the taxpayer.

SECTION 16. IC 6-1.1-15-4, AS AMENDED BY P.L.245-2003, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) After receiving a petition for review which is filed under section 3 of this chapter, the Indiana board shall conduct a hearing at its earliest opportunity. The Indiana board may:

- (1) assign:
 - (A) full;
 - (B) limited; or
 - (C) no;
 evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and
- (2) correct any errors that may have been made, and adjust the assessment in accordance with the correction.

If the Indiana board conducts a site inspection of the property as part of its review of the petition, the Indiana board shall give notice to all parties of the date and time of the site inspection. The Indiana board is not required to assess the property in question. The Indiana board shall

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give notice of the date fixed for the hearing, by mail, to the taxpayer and to the appropriate township assessor, county assessor, and county auditor. The Indiana board shall give these notices at least thirty (30) days before the day fixed for the hearing. The property tax assessment board of appeals that made the determination under appeal under this section may, with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the property tax assessment board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under IC 6-1.1-4-27.5. The executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment is under appeal is subject to assessment by that taxing unit.

(b) If a petition for review does not comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter, the Indiana board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition. The Indiana board shall deny a corrected petition for review if it does not substantially comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter.

(c) The Indiana board shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form must require the Indiana board to indicate agreement or disagreement with each item that is:

- (1) **if the county or township official held a preliminary conference under section 1(f) of this chapter, indicated on the petition submitted under ~~section 1(e) of this chapter~~; that section by the taxpayer and the official;**
- (2) **included in the township assessor's response under section ~~1(g) of this chapter~~; and**
- ~~(3)~~ **(2) included in the county property tax assessment board of appeals' findings, record, and determination under section ~~2.1(d)~~ 2.1(c) of this chapter.**

The form must also require the Indiana board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

(d) After the hearing the Indiana board shall give the petitioner, the township assessor, the county assessor, and the county auditor:

- (1) notice, by mail, of its final determination;
- (2) a copy of the form completed under subsection (c); and

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(3) notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

(e) Except as provided in subsection (f), the Indiana board shall conduct a hearing not later than nine (9) months after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

(f) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall conduct a hearing not later than one (1) year after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

(g) Except as provided in subsection (h), the Indiana board shall make a determination not later than the later of ninety (90) days after the hearing or the date set in an extension order issued by the Indiana board.

(h) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall make a determination not later than the later of one hundred eighty (180) days after the hearing or the date set in an extension order issued by the Indiana board.

(i) Except as provided in subsection (n), the Indiana board may not extend the final determination date under subsection (g) or (h) by more than one hundred eighty (180) days. If the Indiana board fails to make a final determination within the time allowed by this subsection, the entity that initiated the petition may:

(1) take no action and wait for the Indiana board to make a final determination; or

(2) petition for judicial review under section 5(g) of this chapter.

(j) A final determination must include separately stated findings of fact for all aspects of the determination. Findings of ultimate fact must be accompanied by a concise statement of the underlying basic facts of record to support the findings. Findings must be based exclusively upon the evidence on the record in the proceeding and on matters officially noticed in the proceeding. Findings must be based upon a preponderance of the evidence.

(k) The Indiana board may limit the scope of the appeal to the issues raised in the petition and the evaluation of the evidence presented to the county property tax assessment board of appeals in support of those issues only if all persons participating in the hearing required under subsection (a) agree to the limitation. A person participating in the

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hearing required under subsection (a) is entitled to introduce evidence that is otherwise proper and admissible without regard to whether that evidence has previously been introduced at a hearing before the county property tax assessment board of appeals.

(l) The Indiana board:

- (1) may require the parties to the appeal to file not more than five (5) business days before the date of the hearing required under subsection (a) documentary evidence or summaries of statements of testimonial evidence; and
- (2) may require the parties to the appeal to file not more than fifteen (15) business days before the date of the hearing required under subsection (a) lists of witnesses and exhibits to be introduced at the hearing.

(m) A party to a proceeding before the Indiana board shall provide to another party to the proceeding the information described in subsection (l) if the other party requests the information in writing at least ten (10) days before the deadline for filing of the information under subsection (l).

(n) The county assessor may:

- (1) appear as an additional party if the notice of appearance is filed before the review proceeding; or
- (2) with the approval of the township assessor, represent the township assessor;

in a review proceeding under this section.

(o) The Indiana board may base its final determination on a stipulation between the respondent and the petitioner. If the final determination is based on a stipulated assessed valuation of tangible property, the Indiana board may order the placement of a notation on the permanent assessment record of the tangible property that the assessed valuation was determined by stipulation. The Indiana board may:

- (1) order that a final determination under this subsection has no precedential value; or
- (2) specify a limited precedential value of a final determination under this subsection."

Page 103, between lines 12 and 13, begin a new paragraph and insert:

"(c) The department of local government finance may not prescribe a form for taxpayers to request a hearing before the county property tax assessment board of appeals under IC 6-1.1-15-1(j), as added by this act. Any written document requesting the hearing is sufficient."



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Page 103, line 13, delete "(c)" and insert "(d)".

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed November 21, 2003.)

KENLEY

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 15, line 33, delete "subsections (b) and" and insert "**subsection**".

Page 15, line 35, after "more" insert "**and that has more than four (4) rental units**".

Page 16, between lines 7 and 8, begin a new paragraph and insert:
"(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7."

Page 16, line 8, delete "(b)" and insert "(c)".

Page 16, delete lines 15 through 28, begin a new paragraph and insert:"

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method."

Page 17, delete lines 36 through 42.

Page 18, delete lines 1 through 34.

Page 102, delete line 33.

Page 102, line 34, delete "(3)" and insert "**(2)**".

Page 102, line 35, delete "(4)" and insert "**(3)**".

Page 102, line 36, delete "(5)" and insert "**(4)**".

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed November 21, 2003.)

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SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 103, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 73. [EFFECTIVE MARCH 1, 2004] (a) **The definitions set forth in IC 6-1.1-20 apply throughout this SECTION.**

(b) **The following provisions apply to a controlled project for which a notice of preliminary determination to issue bonds or enter into a lease was published before March 1, 2004:**

(1) **The amendments made by IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, and by IC 6-1.1-20-10, as added by this act, do not apply to:**

(A) **a petition requesting the application of the petition and remonstrance process to the controlled project; or**

(B) **a petition or remonstrance concerning the controlled project.**

(2) **IC 6-1.1-20-3.1 and IC 6-1.1-20-3.2, both as in effect before March 1, 2004, apply to:**

(A) **a petition requesting the application of the petition and remonstrance process to the controlled project; or**

(B) **a petition or remonstrance concerning the controlled project."**

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed November 21, 2003.)

KENLEY

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 66, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 41. IC 6-1.1-35.5-1, AS AMENDED BY P.L.90-2002, SECTION 253, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 1. The department of local government finance shall conduct an assessor-appraiser examination and certification program. **The department shall design and implement the program in a manner that maximizes the number of certified assessor-appraisers involved in the assessment process.**

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SECTION 42. IC 6-1.1-35.5-4, AS AMENDED BY P.L.90-2002, SECTION 255, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004]: Sec. 4. (a) The level one examination shall be given in July, and the level two examination shall be given in August. Both level examinations also shall be offered annually immediately following the conference of the department of local government finance and at any other times that coordinate with training sessions conducted under IC 6-1.1-35.2-2. The department of local government finance may also give either or both examinations at other times throughout the year.

(b) Examinations shall be held each year, at the times prescribed in subsection (a), in Indianapolis and at not less than four (4) other convenient locations chosen by the department of local government finance.

(c) The department of local government finance may not limit the number of individuals who take the examination and shall provide an opportunity for all enrollees at each session to take the examination at that session.

(d) The department of local government finance shall:

- (1) give both the level one examination and the level two examination in an open book format; and**
- (2) design both examinations to approximate the work an assessing official is required to perform, including the use of appropriate computer applications."**

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed November 21, 2003.)

MEEKS R

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 50, between lines 28 and 29, begin a new line block indented and insert:

"(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication



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sent to the students' residences."

(Reference is to SB 1 as printed November 21, 2003.)

LONG

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 72, between lines 21 and 22, begin a new paragraph and insert:
"SECTION 45. IC 6-3-1-3.5, AS AMENDED BY P.L.105-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount

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allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount

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which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, ~~IC 12-10-6-2~~, **IC 12-10-6-2.1**, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) **for a taxable year:**

(i) **including any part of 2004, the amount determined under subsection (f); and**

(ii) **beginning after December 31, 2004,** two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed

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or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the

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same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.
- (4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.
- (3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date.

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The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500)."

Page 103, between lines 35 and 36, begin a new paragraph and insert:

"SECTION 73. [EFFECTIVE UPON PASSAGE] IC 6-3-1-3.5, as amended by this act, applies only to taxable years after December 31, 2003."

Renumber all SECTIONS consecutively.

(Reference is to SB 1 as printed November 21, 2003.)

SIMPSON

SENATE MOTION

Mr. President: I move that Senate Bill 1 be amended to read as follows:

Page 50, line 12, after "facilities" insert "**or equipment, including mail and messaging systems,**".

Page 50, line 15, after "facilities" insert "**or equipment**".

(Reference is to SB 1 as printed November 21, 2003.)

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SENATE MOTION

Madam President: I move that Engrossed Senate Bill 1 be amended to read as follows:

Delete the title and insert the following:

"A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation."

(Reference is to ESB 1 as reprinted November 25, 2003.)

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 1, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

CRAWFORD, Chair

Committee Vote: yeas 26, nays 1.

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